

ONES TO WATCH: LEADERSHIP LESSONS

Master Class

What becomes a leader most? Take a lesson (or five) from those who possess the skills and qualities a successful CIO must have.

BY ALLAN HOLMES

Innovator. Team builder. Business strategist. Project driver. Change agent.

Well-rounded leaders must be all these things—and more—to succeed in today's fast-paced business environment. After all, leadership is not a static accomplishment. And neither are the skills required to do it well.

In fact, the capacity for agile leadership in the face of shifting business challenges is practically a job requirement for CIOs, who have been whipsawed by changes ranging from the rapid growth of the dotcom boom to the need to slash services and operate on less when the bubble burst and the economy contracted. "As a CIO, you need to manage what you have and manage that portfolio as effectively as you can given the resources you have," says Yahoo CIO Lars Rabbe, a judge for the Ones to Watch awards.

What's true for the CIO also holds for those who aspire to the title. During their rise to the top, all of our Ones to Watch honorees have stepped into the part of the business strategist, change agent, innovator, project driver or team builder as the needs of the business dictated or circumstances demanded.

But even within this stellar group, there are individual winners who truly shine at playing one of these roles. In recognition of this fact, *CIO* is introducing the Ones to Watch Standout awards to highlight the men and women who best exemplify the critical leadership criteria that help to distinguish successful CIOs. Five of the 20 Ones to Watch winners were selected for this special honor by *CIO*, based on a careful review of their applications and judging scores.

When the winds of change blow, leaders must be able to evolve to fit the times. Think Winston Churchill in World War II or New York Mayor Rudy Giuliani after 9/11. "Leaders need to adapt," says David Berke, a senior program associate at the Center for Creative Leadership. As situations change, "different kinds of leaders emerge because some people are better at certain things."

What are the demands of today that are giving rise to the leaders of tomorrow? Fast growth and global competition fuel the need for innovation, according to Barbara Kunkel, CIO at Nixon Peabody and a member of the judging panel. Kunkel says she seeks potential IT leaders who grasp how innovation can give the law firm an advantage in its highly competitive business sector. But innovation, she says, is not necessarily coming up with whiz-bang technology or systems. Sometimes it's the ability to look at existing

ideas or applications and see how they can be used in a fresh way in today's systems or business processes. "It can be that simple," Kunkel says.

As the economy continues to grow and competition heats up, so do the business demands on IT. Technology departments must deliver solutions with real value, and they must deliver them quickly. That means working closely with major internal and external stakeholders to develop relationships and trust in IT, as well as with the technology staff to keep workers energized and focused on where the business is going. So team-building is high on the list of what a future CIO needs in order to get ahead. "I look for high energy and how the team catches that energy," says Sue Unger, CIO at DaimlerChrysler and a Ones to Watch judge. "This doesn't come across on a résumé."

Technology departments today must be masters of handling transition as companies struggle to gain competitive advantage in the marketplace by aligning the business with IT. To lead others in a new direction or to influence the way people do their jobs requires acting as an agent of change. And that's never easy. "You need to deal in facts and not get caught up in emotion," says Tom Murphy, CIO of AmerisourceBergen and nominator of one of our Standout winners.

Future IT leaders still rise or fall in an organization based on their success in managing projects and delivering results. Project management is a hot topic among CIOs, who named backlogs as their biggest hurdle to effectiveness in CIO's 2006 ["State of the CIO"](#) research. DaimlerChrysler's Unger brings along her rising stars by starting them on small IT projects. "Very rarely do you have a diamond in the rough," she says. "You have to give them small but challenging assignments that will stretch them and direct them where we want the talent and growth. Then you move on to larger and larger projects."

Knowledge of business processes, strategic thinking and the ability to communicate technology initiatives to the top brass is critical to success in today's executive suite. Indeed, says Unger, any would-be CIO needs "to talk in business terms and understand business problems and how IT can help or hurt that problem."

A CIO lucky enough to possess an IT manager with an aptitude for one of these roles needs to do two things: help the manager expand her repertoire in order to round out leadership abilities, and harness such talent to help IT deliver the greatest value to the business.

"The important thing is that these characteristics are aligned with the business strategy," says Berke. "Have regular conversations with executives that convey what you are looking for [in a leader]. That way, you make sure you are developing the high-potential [individuals] who can succeed."

For a snapshot of what a high-potential business strategist, innovator, change agent, project driver and team builder looks like, read on.

THE BUSINESS STRATEGIST

Before Rick Broughton tells you about the ERP solution he heads up or the development of the business intelligence platform he oversees, he tells you what is really important about what he does. "It's not difficult to step back and remember what we're all about: coffee, donuts and ice cream," says Broughton, director of IT strategy for Dunkin' Brands, and winner of the Standout: Business Strategist award. "That's it."

Strategizing about how IT can deliver value to the business in the form of higher sales or product improvements is how Broughton spends his days at Dunkin' Brands. "The business strategist role within the IT function is making sure IT is aligned with the business strategy and not doing what is best just in the IT universe," says Dunkin' Brands CFO Kate Lavelle. "Rick does a very good job of that."

His talents are about to be tested again. Dunkin' Brands (franchiser of Dunkin' Donuts and owner of Baskin-Robbins Ice Cream and sandwich chain Togo's) is preparing to launch a major expansion into the Western United States. The move is part of a strategy developed by new owners Thomas H. Lee Partners, Bain Capital Partners and the Carlyle Group, which purchased the company for \$2.4 billion in March. The expansion means Broughton and the IT department will be called upon to provide the best business intelligence for the new franchisees. Broughton will also have to ensure that the next phase of the new ERP system will tightly tie together the burgeoning enterprise, creating efficiencies.

Broughton is up to the task. He knows IT but thinks strategically and talks like a businessperson—skills he acquired during stints in business development, operations, and sales and marketing. Broughton has brought that mind-set to IT. For example, he created the business intelligence steering committee, which considers all new products for the company. The committee comprises business unit leaders, the CFO, legal counsel and executives with field experience. Only two technology staffers—the IT project manager and a functional expert—sit in when the committee is considering a new product and how IT can provide support. In the past, IT would have dominated the discussion based on data compiled from the business intelligence systems. "This way IT is not driving the decisions," says Broughton.

The process worked well when the company rolled out an espresso product line in 2004. Initially, the IT staff proposed that the BI system measure average sales of espresso and the number of customers who bought it. The business side, however, suggested measuring the increase or decrease in sales of other products when customers purchased an espresso. By collecting that data, the company could determine whether the new drink was siphoning sales or driving the purchase of complementary products. In fact, the data showed it drove afternoon and evening traffic and drove food sales. "The metrics we thought of would have been fine," Broughton says, "but you don't get the valuable metrics for the business until you consult the business side."

Tip: Learn the business and be part of it. Don't just say, "Here's IT work that needs to be done." Instead, ask, "What are the business issues, and what do we need to do?"

THE INNOVATOR

Being an innovator is not just about coming up with a unique technology solution. It's also about acting as a magnet for generating new ideas that serve an organization's business interests.

That's how David Greenberg, CFO for the Georgetown University Law Center, describes Pablo Molina, the center's campus CIO and winner of the Standout: Innovator award. "Pablo can pull people together to generate new ideas for the law school," says Greenberg, who nominated Molina. "He's been a pioneer."

Greenberg says it's the creative use of technology that differentiates the center from the competition and helps it maintain a strong reputation among the nation's top law schools. Molina's talent for using technology in innovative ways to enhance how students learn and faculty teach creates a competitive advantage for the center and helped it increase the caliber of applicants seeking admission to the program.

Molina developed applications and infrastructure such as distance learning programs, webcasting, podcasting and multimedia services to better support law students and faculty. Greenberg says these programs, some deployed years ahead of other universities, have led to Georgetown's recognition as one of the top 15 U.S. law schools as ranked by U.S. News and World Report.

One of Molina's innovations was the decision to set up a wireless network that was among the first to be implemented at a U.S. law school. The network, which allows access to the campus intranet and the Internet, has fostered greater interaction between faculty and students and created a strong sense of community that potential students are attracted to, Molina says.

Working with Greenberg and senior administrators, Molina also led the development of e-commerce initiatives at the law center, including an online admissions portal and a website for alumni reunions and donations, news management, and continuing education registration. These initiatives have generated millions of dollars in revenue for the school.

Molina is constantly reading and researching new technologies and talking with students and faculty about how to deliver products and services to meet their needs. "You have to do a lot of reading and have a very creative imagination," Molina says. "But to be creative, you have to talk a lot to your constituents about what they want and need."

Tip: Encourage creative thinking and out-of-the-box ideas by valuing those who question traditional operating procedures and methods. This leads direct reports to think beyond standard industry practices to gain the strategic advantage of new technology developments.

THE CHANGE AGENT

Change is difficult when you go it alone. That's why Perry Sandberg, VP of portfolio and program management at AmerisourceBergen, doesn't try to do it by himself. Instead, the winner of the Standout: Change Agent award is a master at building bridges and winning consensus.

When Sandberg arrived at the pharmaceutical supplier in January 2005, the IT department was held in low esteem by the rest of the \$54 billion company. There was a backlog of more than 1,800 projects. The technology staff received little input from business executives as to which were most important. IT's most frequent answer to any request for help was "no." AmerisourceBergen needed someone who could change IT's bunker mentality and help the department be viewed as a partner in the business, not as an obstacle. No small feat.

Such a culture-changing task needs complete buy-in from all parties. So one of Sandberg's first acts upon arriving at AmerisourceBergen was the creation of a critical program management team, called the Business Opportunity Council. Its purpose was to get business unit executives to decide which IT projects are most critical to the company's financial success. As a part of that process, the council reduced the backlog by prioritizing projects and bundling many together. For FY06, the council received requests for 225 projects, of which 42 were approved.

Sandberg also convinced skeptical executives to sit down with him once a month to discuss which projects could deliver the greatest value. To win them over, Sandberg says, "I asked each of them, 'Don't you want to do what is in the best interest for the corporation?' When it is presented like that, no one can argue against the logic." Now, the IT department is no longer solely responsible for determining project priority. No longer are the business units competing to get projects approved. No longer is the company pursuing projects that don't deliver business value. Now every executive is accountable.

But change is a two-way street. Not only did the business have to change, IT did too. The culture of nay-saying had to go. "The guidance I give to my staff is that you don't say no," says Sandberg. "When someone comes to us and says, 'I need this,' we say, 'That's great. We'll work on it. But first come up with the business case.'"

CIO Tom Murphy says that Sandberg's gentle forcefulness makes him a natural at finding ways to lead others in a new direction. Murphy credits Sandberg's "ability to change the way people do their jobs and keep them laughing at the same time" as a key factor in his success at effecting change within the organization.

"He's a statesman," says Murphy. "He just has that innate capability to be patient and empathetic. He shows how change will help you, and that is what is invaluable because IT departments are all about change."

Tip: Introducing change is risky. Support those risk takers in your department by providing a safe harbor in which taking risks is not discouraged and second-guessing is kept to a minimum.

THE PROJECT DRIVER

Linda Gilpin, associate CIO for Enterprise Services at the IRS, calls Gina Garza a "quadruple threat" because she excels at four of the five roles an up-and-coming CIO must play. But where Garza really shines is at delivering projects, says Gilpin. So Garza, the IRS's deputy associate CIO for business integration, is the winner of the Standout: Project Driver award.

And that's a good thing for the IRS, now in the midst of its third attempt to modernize the systems that manage tax forms for 200 million Americans. Poor project management derailed a previous modernization attempt in the late '90s, wasting more than \$3 billion. But with help from IT leaders such as Garza, the IRS "has improved its 2006 filing season performance," according to the Government Accountability Office, especially in electronic filing and online tax assistance. Garza's office played an important role in this success by developing services that benefited both these programs.

Garza honed her ability to execute projects during time spent on the business side of the IRS. While there she introduced the use of experts to work with project managers on teasing out the necessary requirements for projects. When Garza moved to IT, she took the idea and turned it into the Centers of Excellence, a stable of 40 project management experts plus some outside contractors who each focus on a specific activity such as lifecycle management or cost estimation. When one of the IRS's four tax divisions requests help with a project, the Centers of Excellence can provide a single expert or a whole team, depending on the need.

The natural tendency of project managers is to not give up control, so "it's a hard model to sell," says Garza. "But once it is put in place, people like it and word gets around."

To establish the model's credibility, Garza turned to colleagues who trusted her abilities and asked them to try it in their shop. For example, last year she worked with the project manager in charge of the third release of the IRS's electronic tax filing project. Garza supplied an expert on cost estimation to make sure the bids on the new release, which expanded the type of tax forms that could be filed electronically, were reasonable. Electronic filing has been an IRS success story: This past tax filing year, almost two-thirds of Americans filed their tax returns electronically.

Garza say the keys to driving a project are having a clear vision and goals, establishing a good team, and utilizing proven processes and design solutions. "You don't learn it as you go," she adds.

Tip: Be disciplined in not allowing projects to advance to the next stage before key components are completed. But remember, flexibility is vital. Learn what is a nonnegotiable item (like obtaining a security certification) and what is less important (like a transition plan).

THE TEAM BUILDER

The state prison system is the last place you would expect to find someone to rebuild your IT team and turn around its sagging internal reputation. But that is exactly where Steve McDowell, CIO at Holiday Retirement, found Deputy CIO Tonya Ruscoe, winner of the Standout: Team Builder award.

Ruscoe wasn't an inmate. In fact, she didn't even possess the traditional IT technical skills. Before coming to Holiday a little more than a year ago, Ruscoe was a project manager in Oregon's Department of Corrections and had scored a great success in helping the system drop its three-year recidivism rate from 33 percent in 1999 to 29 percent in 2002. Her ability to work with the corrections system's many internal and external stakeholders to improve performance caught McDowell's attention. He called her to discuss how team-building could help Holiday's IT department, which had some very talented managers who did not communicate well. Such poor communication creates a difficult environment in which to support an expanding business. But the operator of retirement communities faced another challenge: Holiday's culture is a people-oriented one that downplays technology. The CEO had a computer on his desk, but rarely used it; the COO did not even have a computer.

McDowell persuaded Ruscoe to take on the job of turning around Holiday's IT department. After she arrived, Ruscoe began researching team relationship theory and used experiences from her previous job to develop a program to teach the IT staff the difference between a group and a team. The department was filled with talented workers who successfully built up their respective IT services, such as network management and help desk assistance. That model worked well when Holiday was a small company, but with plans to grow rapidly, the company needed a technology team that could synchronize IT services and improve communication with the rest of the company to deliver the required business value and efficiencies to compete in the retirement market.

Ruscoe developed a yearlong program for the IT staff, which included two and a half hours per month in class learning about teamwork. Staffers also took personality tests and role-played. Many companies offer similar exercises during retreats every year. What made this effort different, Ruscoe says, is that the lessons learned in the program were

applied during the weekly staff meetings. By understanding personality types, she reasoned, managers can better understand how to communicate with one another.

Ruscoe now has the IT department working to improve internal customer service and change the company's perception of technology. IT has developed a communication plan associated with every service it provides the company. For example, if the help desk is overwhelmed with calls, the IT department dives in and dissects the problem. "That way we can find out what the problem really is and serve our customer better," McDowell says.

The IT department's reputation has improved as a result of the changes, Ruscoe says. "It's like anything with IT. It's not based on technology systems but rather people systems," she says. "You have to improve how people work together to improve how technology works."

Tip: Foster personal development with the goal of improving communication. Be prepared to dedicate time and effort to a long-term program that uses on-the-job situations to reinforce what has been learned in workshops and exercises.

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