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# VELL | REPORT

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## CIO SUCCESSION

63 Fortune 500 CIO Appointments  
and What You Can Learn from Them

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# **CIO SUCCESSION**

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# Contents

Introduction	1
Executive Summary	2
About the Research	4
Basic Demographics	6
Educational Attainment	8
Where CIOs Report	9
Insider vs. Outsider	11
First Time vs. Experienced	13
Business Background	14
Industry Sources	15
Patterns by Company Size	17
Tenure and Career Path	19
Conclusions	21
Advice to Companies Recruiting CIOs	23
Companies in Our Study	25
Vell Executive Search	28

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# List of Figures

Figure 1: Number of Companies by Revenue Segment	4
Figure 2: Number of Companies by Region	4
Figure 3: Industry Distribution	5
Figure 4: CIO Age by Company Size	6
Figure 5: CIO Gender by Company Size	7
Figure 6: Highest Degree Attained by Gender	8
Figure 7: Reporting Structure by Gender and Company Size	9
Figure 8: Reporting Structure by Business vs. IT Background	10
Figure 9: Insider vs. Outsider by Gender	11
Figure 10: Insider vs. Outsider by Company Size	12
Figure 11: Years of Tenure of Insider CIOs	12
Figure 12: First Time vs. Experienced	13
Figure 13: First Time vs. Experienced - Insider vs. Outsider	13
Figure 14: Insider vs. Outsider - Business vs. IT Background	14
Figure 15: CIO Reporting Structure by Company Size	17
Figure 16: CIOs with MBAs by Company Size	18
Figure 17: Average Tenure of Former CIOs by Company Size	19



# Introduction

Who is getting the top CIO jobs? What are the skills, experience and cultural characteristics you need your next CIO to have in order to meet your business objectives? Can you cut through the conventional wisdom in your industry and leapfrog competitors with the right type of technology leadership?

The right CIO may need to be capable of navigating rapidly changing technologies, diverse and demanding constituencies, and changing demographics and economic forces. To find such an individual, a company first needs to understand the business, technical and cultural objectives behind how it deploys and consumes technology services. Companies must then try to anticipate what background would help achieve these objectives, including the CIO's core competencies, domain experience and industry experience.

Options and questions are many: Should you hire a first-time CIO? Should the CIO report to the CEO, to an operations executive or to the CFO? Will reporting structure help attract a better candidate? How strongly should you push for a diverse candidate? What does "business knowledge" mean in the CIO role? Should the CIO come from another business area? What about the increasingly complex technology environment? We feel that research and data are key to answering these questions and helping companies choose the best CIO. This information should not only help shape appointment decisions, but also help find "blue ocean" types of opportunities for attracting talent.

There is often a certain hesitancy and lack of confidence in making CIO appointments, unless there is a resignation (voluntary or otherwise), major restructuring, strategic transformation initiative, or some other event that compels the company to act quickly. This hesitancy stems from two factors: First, CEOs often have a lesser understanding of what it takes to be a great CIO compared to, say, a great marketing, sales or finance executive. Second, they may not appreciate what a great CIO can do for the business strategically and operationally.

This report documents and analyzes recent hiring and appointment trends, in order to give corporations a firmer foundation for filling the CIO role. We focused on companies with over \$4 billion in revenues (a little south of the Fortune 500 cutoff) that are based in or do extensive business in the United States. We studied new CIOs coming from the outside or appointed from the inside—their demographic patterns, educational backgrounds, career and industry experience, and where they report in the organizational structure. This basic data is revealing, but we add dimension by analyzing patterns by company size and uncovering distinctions between hiring from outside and promoting from within.

I hope the report serves to demystify the CIO role and the process of filling it. And I hope that this knowledge helps you define and find the ideal candidate for your specific situation.

The body of this report is preceded by an executive summary, and it concludes with our summary observations on key points, plus specific advice to hiring companies. I hope you enjoy reading and learning from the report. I would love to hear your observations and feedback, plus your suggestions on what else we can study about the very important CIO role.

Dora Vell

# Executive Summary

The Chief Information Officer has evolved from pure information technology management into a central business role. The CIO is responsible for managing the information systems and technology platform that enables everyday business operations, while at the same time finding ways to leverage more cost-effective technologies, more versatile software and better management methods as they emerge. That ongoing challenge of “changing the engine while the jet is flying” is only the more technical side of the role.

Today's large-company CIO can also play key leadership roles in technology-enabled process improvement and business innovation, risk management and compliance, analytical performance management, business model design, and strategy formulation. The CIO needs the technological depth to evaluate new opportunities, together with the business breadth to serve as a versatile member of the executive team. The CIO should be a driver and an interpreter in both these worlds.

There is, however, vast variation across companies and industries in their needs, their technological pace and evolution, and their expectations of this critical role. And the CIO role evolves fast, driven both by the pace of technological advancement and by the growing ability of many corporations to put their information and technology to work in new ways. So, even though the CIO role has been around for decades, many corporations and their CEOs are uncertain about the background and capabilities they need in their next CIO.

To shed light on the situation and discover trends in who's filling the CIO role, we analyzed CIO appointments over an 18-month period in major companies operating in the United States. What are the basic characteristics of CIOs? What experience, education and background do they bring to the table? To whom do they report? Are they insiders or outsiders? What industries are they recruited from? How fast does the role really turn over? Here are the highlights of what we learned.

## Age

The average age of these appointed CIOs is just under 50, typical for many senior executive appointments, and age is higher in larger companies.

## Gender

Over one-third of appointed CIOs are women. They tend to be in larger companies (including three of the seven largest), to be slightly better educated than their male counterparts, and to be much less likely to report to the CEO. In addition, 70% of women are insiders; only 30% are hired into the CIO role.

## Ethnicity

The CIOs in our study are predominantly Caucasian. 11% are of Indian background, and 5% are African-Americans.

## Education

These executives are well-educated in business as well as technology—70% hold advanced degrees, and about two-thirds of those degrees are MBAs.

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## Reporting Structure

45% report directly to the CEO/president, the rest divided between the CFO and an operations executive. CIOs report higher in larger companies.

## CIO Experience

56% have prior experience in the CIO role at a divisional level or at another company.

## Insider vs. Outsider

56% were insiders, and larger companies are more likely to promote or make lateral moves (such as appointing an insider with a business background). 86% of CIOs hired from the outside have prior CIO experience.

## Background

About 80% have backgrounds primarily in IT. Those with backgrounds primarily in other business domains tend to be in large companies and to report to the CEO. Those with backgrounds primarily in other business domains are all internal rotations or promotions.

## Tenure

CIOs appointed from the inside have significant tenure with the company—ten years or more. However, brief tenure is also common when a candidate has been brought in to be groomed for the role.

## Industry Sources

One-third of hired CIOs have diversified industry background, and the financial services industry is the most common recruiting ground for hired CIOs.

## Over \$50B Companies

The largest companies in our sample tend to appoint older CIOs and more women. With more developmental opportunities in divisional CIO roles, large companies tend to promote seasoned and well-known executives. When going outside, they want CIO experience.

## Under \$10B Companies

The smaller (but still major) companies in our sample tend to appoint younger CIOs and fewer women, and to hire experienced CIOs from outside. They rely more on MBAs for the business side of CIO experience.

## CIO Tenure

The average tenure-in-role of the former CIOs (replaced by these new appointments) is five years, but a year shorter in the very large companies.

## CIO Career

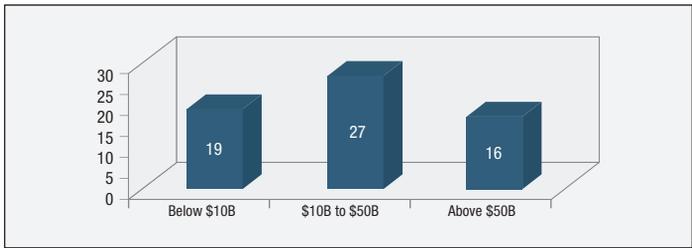
Management shake-ups and corporate restructurings can make tenures short, but the CIO role can be either a stepping-stone or a destination job. Many of the former CIOs in our sample went on to bigger and better things, and others made lateral moves.

# About the Research

We examined 63 corporate level CIO appointments (in 62 companies) between January 1, 2011 and June 30, 2012. The full list is at the end of the report.

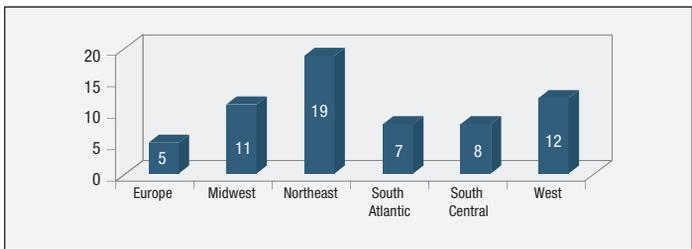
All companies are over \$4B in 2011 revenue (revenue figures are from the Fortune 500 list whenever available). Average company revenues are \$40B, and the median is roughly \$15B. Average revenue is skewed by the presence of Walmart at \$447B. Five other companies are over \$100B: General Motors, Hewlett-Packard, Bank of America, CVS/Caremark, and IBM. We divided the companies into three groups in order to note any strong contrasts by company size.

**Figure 1: Number of Companies by Revenue Segment**



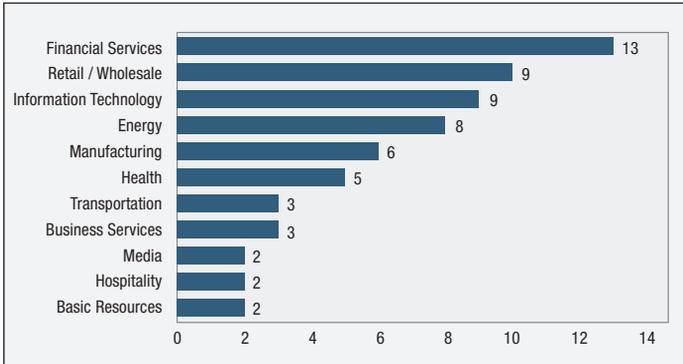
As the regional distribution chart shows, we focused on companies based in the U.S. or based in Europe and with a strong U.S. presence. Many of the companies are global in their markets and operations. The highest concentration of companies is in the Northeast.

**Figure 2: Number of Companies by Region**



The companies span many industries, with the highest representation in financial services, where changes in the executive ranks are perhaps a by-product of the economic downturn and recent industry turmoil.

**Figure 3: Industry Distribution**

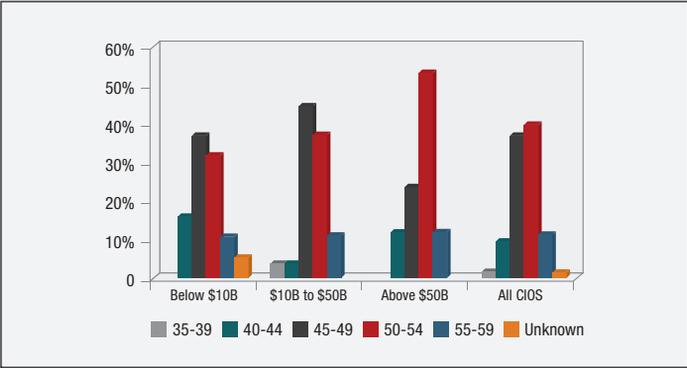


# Basic Demographics

The average age of the CIOs when appointed is 49.5, and 76% are between 45 and 54. The youngest, at 38, is with Starbucks. The two oldest, at 58, are with AutoZone and H.J. Heinz. The average age is the same for men and women. Thus, most of these executives have plenty of “run room” left in their careers.

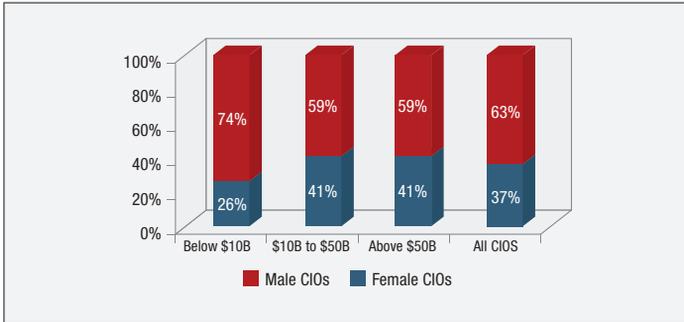
Larger companies tend to appoint older CIOs, with 65% age 50 or older, reflecting their tendency to promote long-tenured candidates. And outsider CIOs are a bit older than those who are inside appointments, suggesting that companies seek more experience in outside candidates than in inside candidates whose track records are well known.

Figure 4: CIO Age by Company Size



37% of these CIOs are women. The larger companies have a higher concentration of women as CIO appointments, including at some of the largest—Walmart, Bank of America, and IBM. Among CIOs joining from the outside, the women tend to be younger than the men. The opposite is true for insider CIOs, suggesting that some companies still make women executives prove themselves for longer periods before promotion.

Figure 5: CIO Gender by Company Size

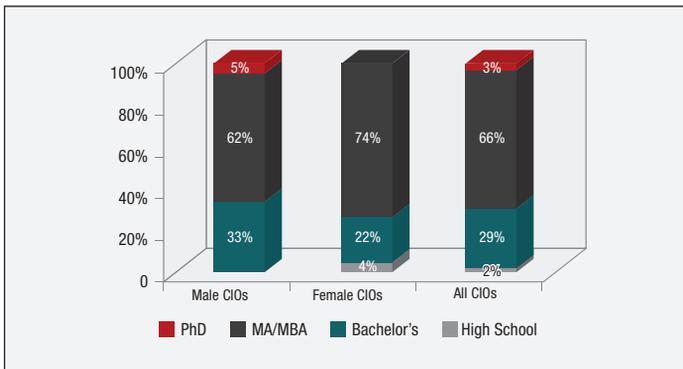


The preponderance (85%) of these CIOs are Caucasian. Three are African-American, and seven are of Indian background. The latter is not surprising given the outstanding technical credentials and high levels of education of many individuals of Indian and Indian-American origin.

# Educational Attainment

It should be no surprise that these CIOs are well-educated and well-rounded executives with combinations of business and technology education. Nearly 70% hold one or more advanced degrees, and two hold PhDs. Two-thirds of these advanced degrees (29 executives in all) are MBAs. Among the non-MBA Master's degrees, five are in computer science, and the others are in a variety of disciplines, including engineering, public administration, HR, cognitive science, and transportation management (JetBlue's CIO). Undergraduate majors cannot always be determined, but the most common are computer science and business, and we estimate that about one-third of these CIOs have undergrad or graduate degrees in computer science.

**Figure 6: Highest Degree Attained by Gender**



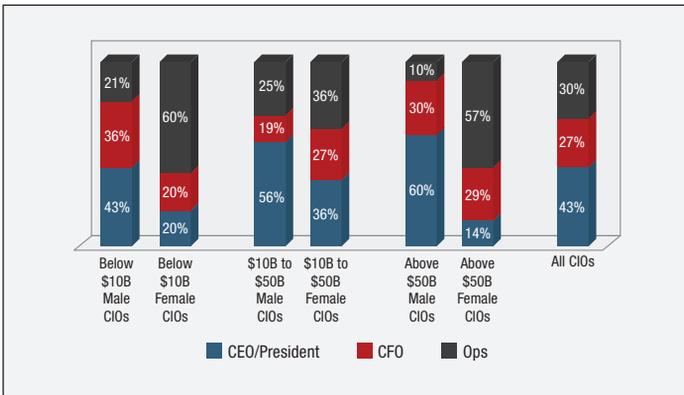
These CIOs attended a wide variety of well-respected universities. The percentage of undergrad and graduate degrees from Ivy League and other traditionally elite institutions is lower than the percentage found among CEOs and CFOs. The women CIOs are slightly more educated than the men, with higher concentrations of Master's degrees. That's not surprising since women often feel they need to be better educated to get ahead. Smaller company CIOs have a higher concentration of MBAs than larger companies, where it's more common to move up through the IT ranks. These smaller company CIOs need a solid business background because they tend to be hands-on, and they are probably afforded fewer opportunities for executive education than in larger companies.

# Where CIOs Report

Over the years, CIOs have tended to report higher in the organization, often to the CEO, and to play more influential roles on their executive teams. Our data confirms that trend. 45% report to the CEO or President, and 30% to a senior operations executive, such as the Chief Operating Officer, Chief Administrative Officer, or Global Technology Officer. 27% report to the CFO, which is more of a historically traditional appointment.

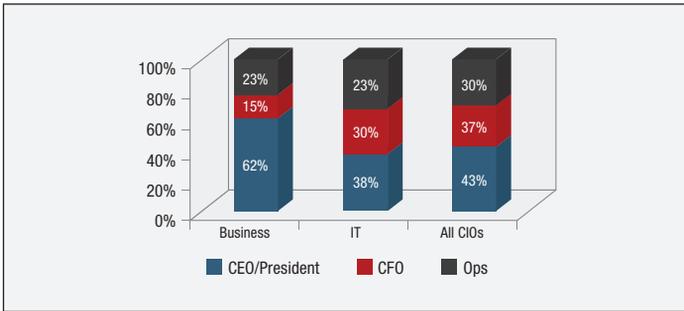
The companies under \$10B in revenue are evenly distributed across the three CIO reporting relationships, and larger companies are more likely to have CIOs report to the CEO/President. However, there are significant differences by gender. Male CIOs are more likely to report to the CEO/President than female CIOs, who are more likely to report to the operations executive, especially in the largest and smallest of our company segments. CIOs under age 50 are also more likely to report to the CEO/President. Our population is not large, but 70% of the ethnic minority CIOs, including all three African-Americans, report to the CEO/President.

Figure 7: Reporting Structure by Gender and Company Size



We find no differences in reporting structure for insiders vs. outsiders. However, among insider CIOs, those with relatively short tenure with the company (ten years or less) are more likely to report to an operations officer, while those with very long tenure (over 20 years) are more likely to report to the CFO. Interestingly, CIOs whose backgrounds and experience are primarily in other business functions—not in IT—are significantly more likely (62%) to report to the CEO/President. These may be cases where the CEO seeks to inject greater business orientation into the IT organization and where the IT role may be a stepping-stone for business executives.

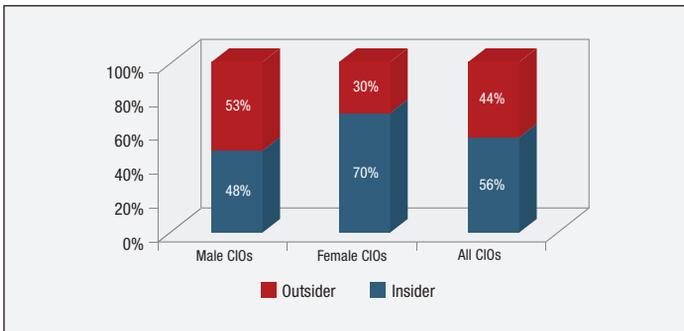
**Figure 8: Reporting Structure by Business vs. IT Background**



# Insider vs. Outsider

We find differences between insider CIOs and those who join the company to assume the role. 56% of the CIOs were insiders, 44% newly joined. Note that we group with the insider CIOs two executives who made lateral moves into the role from running business units, as well as a CFO who assumed the CIO responsibility when the CIO role was eliminated.

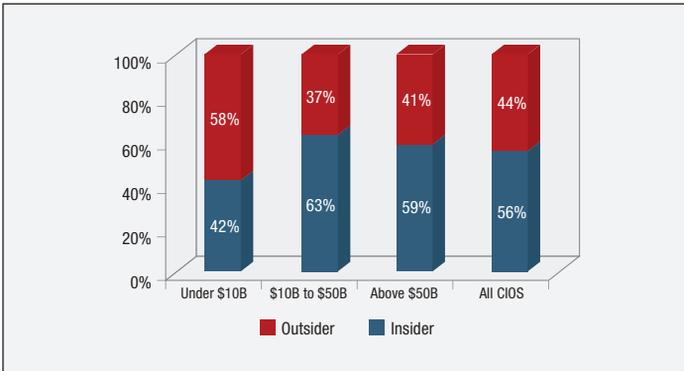
Figure 9: Insider vs. Outsider by Gender



Insider CIOs are overall a little younger than outsiders, and insider CIOs hold more advanced degrees, including MBAs. Strikingly, 70% of the female CIOs were insiders; only 30% joined. Among the males, 52% were outsiders, and 48% were insiders. This difference likely reflects the fact that women tend to be less inclined to job hop, even for a promotion. It could also be that fewer women are selected, even when they do chose to participate in an external selection process.

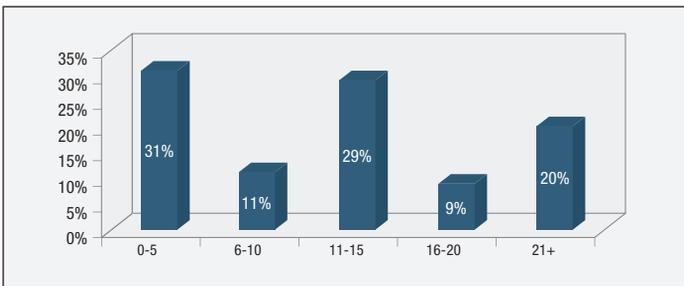
Larger companies are apt to promote from within. They have more staff to choose from and more developmental opportunities to offer, thus more inside candidates. As mentioned, there are no differences to speak of in the reporting structure for insiders vs. outsiders.

Figure 10: Insider vs. Outsider by Company Size



The insiders show an interesting distribution of tenures with their companies. There are three pronounced groupings at 0-5 years, 11-15, and over 20. The third represents the promotion of executives who have worked their way up through the ranks, which is common among larger companies. The middle group contains high-potential executives who have proven their capability and are ready for the next step. The short-tenure group contains some executives recruited from outside to be mentored, groomed and proven before advancing to the CIO role. More than half of these executives have tenures of less than two years, so they have much in common with the outsider CIOs. Hiring a CIO understudy makes sense when the new CIO is making a big step up; highly experienced CIOs would typically not be interested in the arrangement.

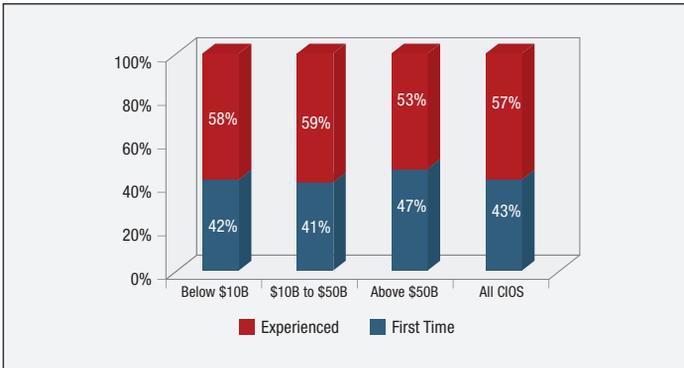
Figure 11: Years of Tenure of Insider CIOs



# First Time vs. Experienced

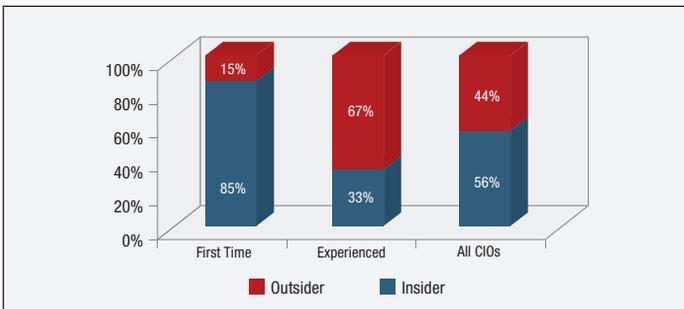
36 of the 63 CIOs (57%) have prior CIO experience at the divisional or corporate level. There is little difference by gender or age or company size in the percentage that have experience, and the only difference in education is that first-time CIOs tend to be more educated, including as MBA holders.

**Figure 12: First Time vs. Experienced**



A strong pattern emerges when we look at CIO experience and source together. 85% of the CIOs joining from outside (24 of 28) have prior experience in the role, while only 34% of the insiders (12 of 35) have been in the role before, either as a divisional CIO or with an earlier employer. The other way to look at it: among first-time CIOs, 85% are insiders. That's a real contrast, but not at all surprising. Keep in mind that many companies' promotion paths may not include divisional CIO roles, and that companies look for more experience in less familiar outside candidates. When one promotes from within, the person is a known entity and presumably fits and embodies the culture. If the person comes from another company, prior experience in the role mitigates risk.

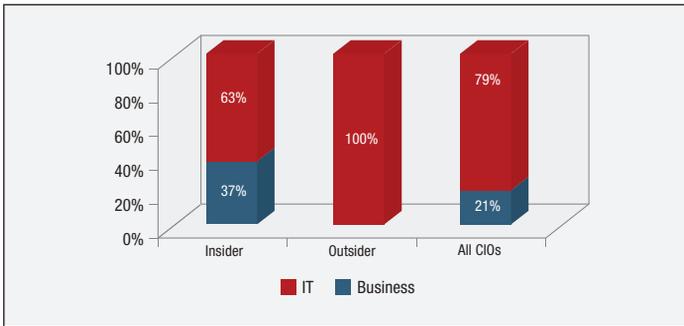
**Figure 13: First Time vs. Experienced - Insider vs. Outsider**



# Business Background

Just as interesting is the difference in degree of business background between insiders and outsiders. All of these CIOs are versatile executives, and many have experience in business roles outside the IT function. When we examined individual backgrounds, we found the preponderance of career experience for most CIOs has been in technology organizations. However, there are 15 whose backgrounds are primarily in other business functions—finance, engineering, general management, and others. All 15 were insiders, and, as noted earlier, nearly two-thirds report directly to the CEO/President. And all 15 are in companies over \$10B in revenue.

Figure 14: Insider vs. Outsider – Business vs. IT Background



An understandable pattern emerges. When looking outside for a CIO, companies want technology background in general and CIO experience in particular. When promoting familiar internal candidates, they are more comfortable with proven executives whose IT experience may be limited. Especially when companies want to inject greater business orientation in their IT organizations, they are likely to put in one of their own rather than hiring from the outside.

An interesting facet of business background is board membership. A dozen of the CIOs list membership on the boards of non-profits and associations, but only five serve on public company boards. So public board service is not yet a common experience or expectation, even though CIOs must work with the board regularly in many corporations. We are seeing an increasing trend in CIOs being invited to boards, but this is a nascent situation. Given that half of these CIOs are under 50, we would expect many of them to grow into board roles over time.

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# Industry Sources

With the 32 outsiders and recently joined “understudy” CIOs, we took a close look at where they come from. What are the hiring companies looking for?

- Experience in the industry or an adjacent one, and sometimes an industry with similar characteristics (e.g., information intensity, transaction volume, security requirements). This enables the new CIO to come up to speed quickly and to offer fresh perspective.
- “Been there, done that” experience in specific technological domains, such as security and compliance, global networks, cloud computing, or analytics. This positions the new CIO to hit the ground running on key initiatives.
- Track record in an industry known for excellence in IT or in a “marquis” company known for developing excellent managers. If a company feels it or its industry in general is technologically behind, it often looks to source its CIO from a best-of-breed industry or company.

How many companies in our sample select executives with experience in their industries or closely related ones? About two thirds, including five of six financial services companies, and all four information technology companies.

Where do the other companies look for CIO material? Two media companies and a retailer tapped financial services executives. A wholesaler and a manufacturer hired oil company CIOs. Two energy companies and a transportation firm found executives with retail and consumer experience. A health industry company and a financial services firm (with several software acquisitions) recruited information technology company executives. The largest company with an outsider CIO, General Motors, tapped an executive with CIO experience at two major technology firms and the largest retailer, Walmart.

Now let's ask the question the other way: What industry experience do the newly hired CIOs bring to the table?

- Twelve of the 32 have **financial services** experience. For five of them, it is their predominant experience. Financial services is known for trying out new technologies and being at the leading edge, while at the same time having high regulatory and security requirements.
- Six have **retail/consumer goods** experience, industries with high-volume business-to-consumer commerce and often advanced analytics. Several of these CIOs have worked for "marquis" companies, such as PepsiCo.
- Five have predominantly **technology industry** backgrounds (and several others had stints with technology companies). Their destination companies include other technology companies, a consumer services company, and a large retailer.
- Twelve have **diversified industry experience** and thus bring the advantage of cross-pollination. The hiring company's industry is often in the mix. For example, E&Y selected a CIO with financial services, professional services and industrial experience. Baxter's new CIO has pharmaceutical experience, as well as manufacturing and financial services. Other times, the hiring company selects a "directional" CIO, someone with experience to forward their ambitions. For example, MGM Resorts picked someone with retail and financial services experience.

Interestingly, seven of the twelve CIOs with diversified backgrounds include financial services experience, but only two include technology industry experience. Financial services, more than high tech, seems to be the "universal donor" these days.

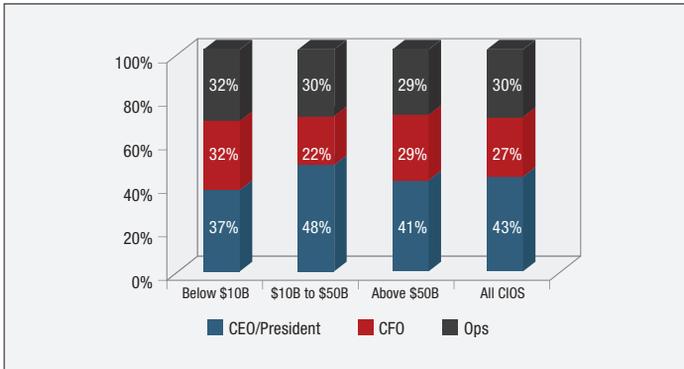
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# Patterns by Company Size

We've mentioned a variety of correlations to company size. In this section, we summarize them.

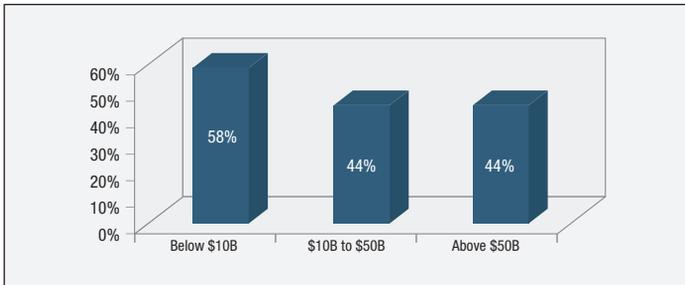
Large company CIOs tend to be older, with 65% of them over 50 years old. That's expected, not only because it may take longer to come up through the ranks, but also because large companies seek very experienced executives, whether internally appointed or brought in. Companies over \$10B appoint proportionally more women as CIOs. A plurality of the CIOs in each of our company size segments report to the CEO/President, and that happens most often—nearly half the time—in the \$10-50B segment. Smaller companies are most likely to have the CIO reporting to a CFO or operations executive.

**Figure 15: CIO Reporting Structure by Company Size**



Medium and large companies are more likely to promote the CIO from within, and the 14-year average tenure of insider CIOs in large companies is double that of insider CIOs in smaller companies. Medium and large companies are also much more likely to appoint CIOs whose primary background is outside IT—all of the CIOs in our under \$10B segment have primarily IT backgrounds. However, small company CIOs tend to have more advanced degrees, including more MBAs. So larger companies tend to rely more on experience gained in house, while smaller ones rely more on outside education to gain business breadth.

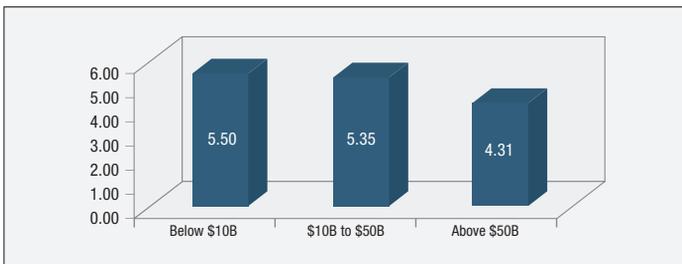
Figure 16: CIOs with MBAs by Company Size



# Tenure and Career Path

The popular conception is that CIO has become a short life expectancy role, so we examined the tenures and next destinations of the CIOs preceding our set of newly appointed ones. Our data provides a richer picture. Nearly half (47%) had tenures of 3-6 years, and another 23% had longer tenures (the longest being 16 and 14 years at CA Technologies and Marriott, respectively). The average tenure was about 5 years, but it was closer to 4 in the largest company segment.

Figure 17: Average Tenure of Former CIOs by Company Size



Of the 48 former CIOs whose next destinations are clear, more moved on to better things or retired than moved laterally or resigned:

- 8 were promoted within the company
- 12 moved to more responsible positions in other companies
- 6 moved laterally (5 to other companies)
- 12 resigned
- 10 retired

We took a close look at CIO positions that had turned over twice in short order—three years or less. Among ten instances where the former CIO's tenure was 2-3 years, six of those CIOs moved up, including one to a CEO position, two to COO of the company, and two to CIO of a larger company. Two retired, and only two resigned. Several of these transitions, though rapid, were according to succession plans.

Where the tenure was less than two years, the situations are messier. One CIO jumped to a larger company and three resigned amid shake-ups. One company, Lowe's, had three CIOs in succession. The first, who was there for over eight years, left the post empty. An internal business CIO was appointed on an interim basis. The interim CIO stayed in the post about one year until an external replacement was found, and then retired from the company after 28 years of service.

Two of the companies in our survey group merged the CIO role with an existing executive's role. J. C. Penny brought in a new CTO and two months later the CIO and CTO roles were combined under the CTO; the former CIO resigned. Credit Suisse folded the CIO responsibilities under the CFO, eliminating the separate post altogether.

The bottom line: Management shake-ups and corporate restructurings can make tenures short, but the CIO role can be a stepping stone as often as not.

# Conclusions

Digging into data always reveals interesting—and sometimes surprising—patterns. In studying this set of recent CIO appointments, here are the points that stand out:

- **CIO as a Stepping Stone.** The CIO role has become more than an executive “destination job.” It is also a jumping off point for bigger and better things. Many of the CIO vacancies in our sample opened through retirement, but a full one-third of the departing CIOs received promotions or moved into bigger and better roles outside of the company.
- **High Levels of Education.** These CIOs are highly educated, as one would expect, with 70% holding an advanced degree. But the women more often hold an MA or MBA, while several men hold a PhD. Interestingly, these CIOs do not come from Ivy League or other traditionally prestigious schools as frequently as their executive peers do. This is perhaps because twenty to thirty years ago students at the prestige institutions didn't see a technical education and career as a fast track to the executive suite. We predict that this is changing as the CIOs become more common in the executive suite, and the high potential of technical orientation has become clear.
- **Not Necessarily an MBA.** Nearly half of our CIO sample hold MBAs. We would have expected this number to be even higher, given the importance of a business perspective in the CIO role. MBAs are more prevalent in our smaller companies than the larger ones, perhaps because other executive education and leadership programs are more available in larger companies, and CIOs moving through the ranks of large organizations have more range for gaining business experience.
- **Background and Experience.** The preponderance of CIOs have backgrounds primarily in IT, only one-fifth in other business disciplines. And no external recruit had a primarily business background. This was initially surprising, given how much one hears about the need for business orientation in IT. However, it makes sense in combination with the experience factor: 86% of those recruited had prior experience as CIOs at some level. So companies hire for proven IT management expertise, and they are more comfortable promoting or rotating established executives from other disciplines into the CIO role.
- **Advanced Industries and Marquis Companies as Sources.** With outside hires, companies in our group have been flexible about where they source their CIOs. Sometimes they look for direct experience in their own industry, but often they recruit from companies known for excellence in IT, or companies that face similar technological challenges such as high transaction rates, rigorous security requirements, or global operations.
- **Gender Differences.** 37% of the CIOs are women, and it appears that this number is trending upwards. We found age-gender parity: The average and median ages of women and men when appointed CIO were virtually the same, as were the age ranges. We also found that women are much more likely to insiders. This could be because women are less frequently recruited, but also could be that women are more loyal to their employers and less likely to jump ship. In companies over \$50B, only 14% of women report to the CEO vs. 60% of men. In companies under \$10B 20% of women report to the CEO vs. 43% of men.

- **“Run Room.”** One often reads about CIO tenures being short and shortening. However, the average tenure of the departing CIOs in our study was five years. And all but three of the newly appointed CIOs were 55 years old or younger. These companies are appointing CIOs with enough remaining “run room” in their careers to make a difference in IT and then perhaps move on to other senior roles.
  - **Executive Rotation.** Over one-third of the insiders have backgrounds primarily outside of IT. And about 10% of the CIOs rotated into the role from a peer position elsewhere in the business. Cross-pollination between business and IT is a good thing, both to infuse more business experience into the IT organization, and to “round out” business executives in a very critical part of the enterprise.
  - **CIOs-in-Training.** In a few of the cases, individuals were hired as understudies to the outgoing CIO for a year or so before assuming the role. This kind of succession plan can work well, especially if the role is a big step up for the candidate, if the outgoing CIO has the experience and inclination to mentor the incoming one, and when the seniority level difference between the two CIOs is significant. All CIOs-in-training in our sample are women.
  - **Board Participation.** The CIOs in our sample sit on very few for-profit company boards, but we see increasing participation and expect that trend to continue as more boards seek to add technology perspective. These CIOs more often currently sit on the boards of industry associations and non-profits. Our study considered only newly appointed CIOs, with an average age of 50. Because of their relatively younger age, we believe that CIOs as a group are better represented on boards than our sample indicates.
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# Advice to Companies Recruiting CIOs

Drawn from our research and experience, here are key points to keep in mind when recruiting to fill a CIO position.

- **Define the Needs of the Business First.** From there, you can develop a detailed description of which source industries and personal backgrounds can most closely fill the business and technical requirements of the CIO position. But beware of narrow position descriptions that limit the candidate pool and the opportunity for the new CIO to innovate.
- **Get Advice from Experienced CIOs.** Many companies are now putting CIOs on their boards. Even with the absence of this, you can get advice from an experienced CIO—to examine the “art of the possible.”
- **Follow a Deliberate Search Process,** especially if you’re unfamiliar with the CIO role and tentative in filling it. Don’t postpone the search or recruit in too much of a hurry. Give yourself time to understand your needs and identify strong candidates. CIO recruiting is not a mysterious process.
- **Do Not Eliminate Offhand Entire Industries, Including Your Own.** Even if an industry is on average “behind in IT,” it does not hurt to look. More than once, we have found the “diamond in the rough,” the CIO who has accomplished a great deal in difficult industry circumstances, or who has “been there, done that” in a critical area.
- **Mitigate Your Risk.** Have finalist candidates present their “100-day plan” at the end of the search process. Have them sign an NDA, ask whatever questions they wish to ask, and then present what they would do. The discussion is valuable to ensure that mindsets are aligned, and it reduces the anxiety level and raises confidence all around.
- **Consider the Commuters, the Displaced, the Immigrants, Older Executives, and the Blue Oceans.** There sometimes tends to be a lemming mentality when it comes to executive search: the “usual suspect” companies and executives are called over and over again. Yet there may be a gold mine of outstanding executives no one else has considered, including:
  - A Commuter drives a long distance to work at a company in another city. Recruiters searching for executives from their local areas overlook commuters because they are associated with their company locations. Yet many of these individuals will jump at local opportunities and will often take roles you may not think they would consider.
  - The Displaced are akin to Commuters. These executives are not in their hometowns or preferred locations and long to return. Knowing who hails from your area or went to school there can uncover unexpected candidates.
  - Immigrants are people not born in the United States. They are often much more willing to relocate if they don’t have deep local roots.
  - Older executives can sometimes be your best bet, especially if they bring broad experience and can mentor up-and-coming colleagues. A Spencer Stuart study on CEO performance showed that older executives have the same performance as younger ones.
  - Blue Ocean candidates are executives from companies no one ever thinks of, companies with less “flash” in the industry. A systematic review of possible target companies, local or not, always brings up additional strong candidates.

- **Value Achievement and Potential over Education.** There are many paths to a strong and complete CIO skill and experience set. Don't over-value educational credentials, but rather consider what the executive has achieved and can achieve.
  - **Be Diverse in Reverse.** If you're recruiting for diversity, focus on diversity at the end of the process, not the beginning. If you look only at diverse candidates, the pool may be too shallow to calibrate. It's easier to find a well-qualified diverse candidate once you have calibrated your requirements with a deeper pool. Focus on finding the diverse candidate who fits the requirements and beats the short list.
  - **Try Harder to Get Women Executives.** In our experience, for whatever reason, female executives are less available, harder to schedule, and return calls much less frequently than their male counterparts. When you have identified women CIO candidates, make the effort necessary to get ahold of them. A well-thought-out FedEx mailer to their homes or offices usually does the trick.
  - **Consider First-Time CIOs, Even from the Outside.** In the Spencer Stuart study mentioned above, university President performance was actually better in first timers, because they were so motivated to do well. The first timer may need to bring something extra to the table, such as experience with specific technologies or applications of importance.
  - **Be Flexible about Reporting Structure.** Don't expect a CIO who has "sat at the table" for ten years to agree to report to a CFO, unless that CFO is extremely special. Anticipate the working relationship between the CIO and his or her new boss. Depending on the background and mission of the new CIO, and the technological savvy of other senior executives, the CIO may need to report higher or lower than the outgoing one did. Reporting to the CEO can be a huge recruiting advantage.
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# Companies in Our Study

Company	Industry	Revenue (B)	Name of CIO	Location
Air Products & Chemicals	Basic Resources	10.08	Kevin B. Michaelis	Allentown, PA
Alcoa	Basic Resources	24.95	Nancy Wolk	New York, NY
Ally Financial	Financial services	13.64	Michael Baresich	Detroit, MI
AMD	Information Technology	6.57	Mike Wolfe	Sunnyvale, CA
American Airlines	Transportation	23.98	Maya Leibman	Fort Worth, TX
American Electric Power	Energy	15.12	Alberto Ruocco	Columbus, OH
Archer Daniels Midland	Retail/Wholesale	80.68	Martin Schoenthaler	Decatur, IL
AutoZone	Business Services	8.07	Ron Griffin	Memphis, TN
Aviva	Financial services	90.21	Cathryn Riley	London, UK
Bank of America	Financial Services	115.07	Laurie Readhead	Charlotte, NC
Baxter	Health	13.89	Paul Martin	Chicago, IL
BC/BS of NC	Health	5.50	Jo Abernathy	Durham, NC
BNY Mellon	Financial services	15.80	Suresh Kumar	New York, NY
Boeing Company	Manufacturing	68.74	Kim Hammonds	Chicago, IL
CA Technologies	Information Technology	4.43	Greg Valdez	Islandia, NY
Caterpillar	Manufacturing	60.14	Randy Krotowski	Peoria, IL
CIGNA	Financial services	22.00	Mark Boxer	Bloomfield, CT
Constellation Energy	Energy	13.76	Michelle McKenna	Baltimore, MD
Credit Suisse	Financial services	48.31	David R. Mathers	Zurich, Switzerland
CVS Caremark	Health	107.75	Stephen J. Gold	Woonsocket, RI
Dell	Information Technology	62.07	Adriana Karaboutis	Austin, TX
DTE Energy	Energy	8.90	Steven Ambrose	Detroit, MI
Energy Future Holdings	Energy	7.04	Kevin Chase	Dallas, TX
Ernst & Young	Business Services	22.90	Maureen Osbourne	London, UK

Company	Industry	Revenue (B)	Name of CIO	Location
Exelon Corp	Energy	18.92	Sunil Garg	Chicago, IL
Fiserv	Business Services	4.54	Cliff Skelton	Brookfield, WI
General Motors	Manufacturing	150.28	Randall Mott	Detroit, MI
Great Atlantic & Pacific Tea Company A&P	Retail/Wholesale	8.08	Nirup Krishnamurthy	Montvale, NJ
H. J. Heinz Co.	Retail/Wholesale	10.70	Isobel Thomson	Pittsburgh, PA
Hershey	Retail/Wholesale	6.08	Joseph Zakutney	Hershey, PA
Hewlett-Packard	Information Technology	127.25	Craig Flower	Palo Alto, CA
Honeywell	Manufacturing	37.06	Mike Lang	Morristown, NJ
IBM	Information Technology	106.92	Jeanette Horan	Armonk, NY
Ingersoll-Rand	Manufacturing	14.78	Archana Deskus	Dublin, Ireland
Intel	Information Technology	54.00	Kim Stevenson	Santa Clara, CA
J. C. Penney	Retail/Wholesale	17.26	Kristen Blum	Plano, TX
JetBlue Airways	Transportation	4.50	Eash Sundaram	New York, NY
Johnson & Johnson	Health	65.03	Stuart McGuigan	New Brunswick, NJ
KeyCorp	Financial services	4.78	Amy G. Brady	Cleveland, OH
Lowe's (Jan 2011)	Retail/Wholesale	50.21	Michael Brown	Mooresville, NC
Lowe's (June 2012)	Retail/Wholesale	50.21	Kevin V. Summers	Mooresville, NC
Marriott	Hospitality	12.32	Bruce Hoffmeister	Bethesda, MD
Marsh & McLennan	Financial services	11.53	Ben Allen	New York, NY
Merck	Health	48.05	Frederic Wohlwend	Hessen, Germany
MetLife	Financial services	70.64	Martin Lippert	New York, NY
MGM Resorts International	Hospitality	7.85	Rebecca Wanta	Las Vegas, NV
NetApp	Information Technology	5.12	Cynthia Stoddard	Sunnyvale, CA
New York Life Insurance	Financial services	34.39	Susan Ericksen	New York, NY

Company	Industry	Revenue (B)	Name of CIO	Location
NuStar Energy	Energy	6.58	Manish Kapoor	San Antonio, TX
NVIDIA	Information Technology	3.99	Bob Worrall	Santa Clara, CA
Pacific Gas & Electric	Energy	14.96	Karen Austin	San Francisco, CA
Reliance Steel and Aluminum	Manufacturing	8.15	Sue Borchers	Los Angeles, CA
Southern Company	Energy	17.66	Kenneth Coleman	Atlanta, GA
Southwest Airlines	Transportation	15.66	Randy Sloan	Dallas, TX
Staples	Retail/Wholesale	25.02	Christine Putur	Framingham, MA
Starbucks	Retail/Wholesale	11.70	Curt Garner	Seattle, WA
SunTrust Bank	Financial services	9.60	Anil Cheriyan	Atlanta, GA
Time Warner	Media	28.97	Bill Krivoshik	New York, NY
Wal-Mart Stores	Retail/Wholesale	446.95	Karenann Terrell	Bentonville, AK
Wells Fargo	Financial services	87.60	Kevin Rhein	San Francisco, CA
Western Union	Financial services	5.49	John David Thompson	Englewood, CO
Xerox	Information Technology	22.65	Carol Zierhoffer	Norwalk, CT
Yahoo	Media	4.99	Randy Roumillat	Sunnyvale, CA

# Vell Executive Search

Vell Executive Search, a premier retained executive search firm, specializes in finding high-level, top-flight technology executives, at the board, CEO, CIO and "C" levels. Each of the firm's professionals brings a distinctive knowledge of and experience in the technology industry. Vell Executive Search's credentials, experience, and unrelenting focus on satisfaction and execution empower the firm to connect and support exceptional leadership teams, with proven track records, for the best companies.

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# Dora Vell

**Dora Vell** is CEO, Vell Executive Search, a boutique executive search firm in Boston focused on recruiting technology executives and board members. Vell has successfully completed numerous board member and C-level executive searches—including CEOs, COOs, CIOs, and Vice Presidents—at both public and private companies.

Prior to founding the firm in 2005, Vell was a Partner at Heidrick & Struggles' technology practice for seven years. Before her career in executive search, she worked at IBM for 11 years, where she ran software engineering organizations of 100 people and software sales organizations with revenues of \$150 million. She also served as an executive assistant to the CEO of IBM Canada for one year.

Vell holds seven worldwide software patents. She has published several Business of Leadership reports on governance and leadership and has been quoted in numerous articles, including in The Wall Street Journal, Forbes, Fortune, Agenda Week, MSN, MSNBC, Mass High Tech, the OPUS for the World Economic Forum, Boston Business Journal, Globe and Mail, CIO, and IEEE. She also has been a featured speaker on leadership at numerous conferences and at Columbia University's MBA program.

Vell is a member of the National Association of Corporate Directors and has served on the boards of Framingham State University, Entrepreneur's Organization, Goodwill, and Mary Centre for developmentally handicapped adults, garage.ca and RBC Capital Partners.

Vell has completed executive education programs, including the MIT Entrepreneurial Master's program (EMP) and the Harvard Negotiation class. She has received an MBA from the University of Toronto, a Master in Computer Science from the University of Waterloo and a Bachelor in Computer Science from Carleton College.

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# Robert Morison

**Robert Morison** is a highly accomplished business researcher, writer, discussion leader, and management consultant. He has been leading breakthrough research at the intersection of business, technology, and human asset management for 25 years, working with hundreds of major organizations and writing research reports and management guides on topics ranging from workforce management and business innovation to business process reengineering, collaborative business models, and business analytics.

He is co-author of *Analytics At Work: Smarter Decisions, Better Results* (Harvard Business Press, 2010), *Workforce Crisis: How to Beat the Coming Shortage of Skills And Talent* (Harvard Business Press, 2006), and three *Harvard Business Review* articles, one of which received a McKinsey Award as best article of 2004. He has spoken before scores of corporate, industry, and government groups, and has been a commentator on workforce issues on *Nightly Business Report* on PBS.

Morison currently serves as Director of Research with Stryve Advisors, leads enterprise research for The International Institute for Analytics, and lends his experience and expertise to research and intellectual capital development efforts for a variety of progressive organizations. He earlier held management positions with The Concours Group, CSC Index, and General Electric Information Services Company. He holds an A.B. from Dartmouth College and an M.A. from Boston University.

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