



## CIO Practice

# ***Breakfast CIO Seminars***

## ***CIO Talent – Local v Global***

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# 1 Event Summary

## Introduction

The format for the breakfast was an open discussion facilitated by Paul Rush, CIO Practice Leader. For those of you who have met Paul, you will be able to confirm his passion and expertise in working with the CIO community. Paul is well regarded for his understanding and depth of knowledge around competencies and behaviours of the CIO and indeed the changing role of the CIO in today's global economy.

There is considerable debate at present within the Australian market regarding Talent and the perceived need to go offshore for CIO level talent. In addition, it is impossible to ignore the increasing global importance of the Asian economies, particularly the 'China effect'.

This age old discussion of Local v Global sought to cover the balance of power within the CIO community locally and address the importance of global CIOs who are headquartered in Australia for the wider CIO community. While at the same time discussing some of the limitations of being a local CIO in a US or European centric company, while based in Australia.

What type of CIO we want will determine the talent pool available and indeed the breadth of search required

*What is the definition of CIO in this instance? Clearly the level at which we operate has a direct impact upon the subject matter.*

*The most overwhelming contribution from both discussion groups centred on the type of CIO required and matching experience to the brief, this statement outweighs any local v global argument.*

It's not relevant – if you have the relevant experience including sector experience and qualifications it doesn't matter whether you hire from your local talent pool or take a broader global approach to talent acquisition.

Experience and suitability to the company and the role are important factors 'horses for courses', there is no difference from any other C level hire within a company.

There was an interesting push back from the CIOs present with particular stress on the Financial Services market place and the importance of domain experience. My comments remain the same:

*“As a head-hunter in the CIO space, it is important that you act as a trusted advisor to your client and discuss fully the merits of looking at a range of strong candidates who provide different options to the client. The ability to compare and contrast specifically with CIOs with financial experience versus those that can bring some fresh ideas to the table. The same goes for Local v global. The client and the board should consider all options and hire the best person on the day”.*

Company type will have a significant effect on the type of CIO you hire

*Linked to the first overriding observation was the importance of company type – international versus local and where that organisation is headquartered will impact the choices and indeed parameters for hiring a new company CIO.*

It was felt that it was largely dependent upon the vertical market, size of company and indeed the International aspects of the company?

Company size and type determines a CIO hire much the same as it would any other C level hire. If the company is global the talent pool expands, global companies intend to leverage their global networks and are more willing to take a broader view on key hires.

An interesting statement was made in terms of their behaviour:

*“Australian companies that become global are no longer Australian but Global and therefore behave as their competitors do on a global platform”*

***Within the company type bracket also sits the board type.***

Who sits on the board: what is the make up of the board's local v global experience? Do they wish to recruit in their own image or would they prefer to challenge the status quo and bring in someone to challenge them. The same goes for the key stakeholders responsible for making the CIO hire. It is not always a board level appointment.

One CIO drove the discussion and referred to the recent changes at Telstra with the current CEO utilising his global network, and in particular his trusted advisors from the US.

*“Subconsciously companies tend to hire from the market/pool of talent they are exposed to – again it is about perception – you don't know what you don't know”*

Another salient point was that the current status of a company you may want to source locally or globally depending on the company's immediate future – whether it is expansion or cost reduction and indeed in the current state of economic prosperity and the re-investment in technology the importance of large scale transformation will affect the type of CIO required.

## **What is the impact upon people within the company – Positive/Negative**

*This was a robust discussion point. There was a balanced argument for and against in terms of perception and the variance in perception across levels within the company structure.*

### **Positives**

If you have a young team that lacks multi-cultural and international knowledge/experience, bringing in a global CIO can open up their eyes and be very beneficial.

Bringing in an outsider engenders fresh ideas, diversity and also can be a catalyst for eradicating some of the pack mentality that exists in local markets.

We all agreed that it depends on culture fit and the reaction to bringing an international CIO to the organisation – again this comes back to getting the right fit for the company.

Many felt that any initial negativity with regard to a global placement is short-lived and that the benefit of that person settling in quickly far outweighs the initial rumour mongering. This is again especially true if the individual brings a mentioning approach/capability where many have not benefited from true mentoring previously.

### Negative

The obvious negative is the resentment against global placements in companies both within the company and broader market perception/media hype.

There was a small argument that the appointment of a global CIO would bring fractioning and in some instances would introduce change for change sake rather than taking a close looking before implementing wholesale change.

There were some interesting views during the discussion from the International CIOs present which was of particular note:

*“Currently the quality of leadership at the CIO level within the Australian market is lacking and there is a need to bring in global expertise at CIO level to ensure the Australian talent is given the best advantage for the future.”*

The alternate view is that Australia is ‘first up in the morning’, feeling the effects of global systems issues ahead of the rest of the world and thus Australians within the technology vertical deserved to be valued more highly by the global market.

### Stock market perception and share price issues

An interesting point that was not fully discussed was the message sent to the stock market and analysts. If a listed entity is under discussion, the impact of bringing in a CIO with a global reputation of getting things done can have a positive impact on the share price. Equally, we have seen recent occurrences where the CIOs failure to ensure compliance has led to increased risk and negative impact on the share price.

What are the ramifications of hiring an ‘outsider’ in a lead role? Resentment from peers can occur where others embrace change.

With the growth of the Asian market and increased freedom of movement, the ability of non-English speaking people to integrate is becoming as important as our ability as leaders to build cross cultural teams.

## Cost considerations of local v global search

*There is a definite differential in upfront and potential ongoing costs depending on whether you make a global hire or local hire.*

We should consider that the cost implications are more than financial issues especially if you are moving a senior executive, their family and their belongings from another part of the world.

At this level cost per hire may not be a deciding factor, however, for smaller local companies, it may impact the investment decision.

The need for an immediate start may also curtail a company's ability to engage in a fully retained international search.

Within cost we also have to give due consideration to return on investment. If an organisation invests heavily in an international appointment the pressure on that individual to succeed is potentially greater than a local hire.

Equally, the perception of the individual hired can be quite demanding on the company i.e. "You hired me and relocated me and therefore I expect significant benefits on top of my salary and I expect to be given the mandate to execute on MY strategy!!"

Finally, this decision may well depend on the skill set required. In some cases the perception of the CXO is that the skill set and the leadership is not available locally, and therefore the cost factor is outweighed by the need for a certain type of CIO with specific global experience (i.e. rolling out a new ERP system across 20+ countries).

## What are the risks associated with global hiring

*What risks are associated with international hires, are they any greater than those associated with local hires at CIO level?*

### The arguments in the group revolved around some key points

When making an international hire at C Level, candidates make a huge commitment upfront to make the decision work and therefore it could be argued that the risk of that person leaving is lower. On the reverse side there are a significant number of risks associated with hiring from overseas.

A major and obvious risk highlighted was the 'family effect'. Family commitments are a huge pressure especially when relocating from overseas! It is imperative that you give the candidates family additional ongoing support and advice.

If there is not a good culture fit then there is an added pressure on an individual, and you may be setting them up for failure.

A recent example would be the Google story. The group believed they had the local talent but chose to ignore it and made 20 hires from the US. What was the outcome of the decision?

## Does the availability of skills differ and is there a gap in terms of Leadership capability between local CIOs and International CIOs?

*The main reason why companies would be forced to look offshore for CIO talent is due to the lack of local talent. Aligned to this argument is the perceived differential in leadership capability at CIO level between local and global talent.*

There was consensus in both discussion groups that firstly there was a skills shortage of commercially able and capable CIOs in the local market and that there was on the whole a difference in leadership capability.

### **The reasons behind this were:**

It was acknowledged that there is still a small talent pool in Australia versus Europe and the US, mainly in terms of physical numbers.

Secondly and importantly, following stagnation of investment in technology and people many CIOs and future CIOs had stagnated in terms of their personal development and exposure between 2001 and 2005.

Thirdly, the opportunities presented to more international candidates were far greater, specifically with regard to commercial capability and leadership training/development.

### **Interesting point raised:**

The lifestyle in Australia may not be suited to driving career focussed CIOs and that local CIOs are not stretched in the same manner that CIOs in Europe or the US are.

Succession planning was also discussed, the consensus again being that in recent times CIOs had failed to succession plan and when moving had left a significant hole.

This coupled with the changing role of the CIO toward more of a leadership role and less of a technology management role meant that local talent had not made that significant paradigm shift and the pool of local talent is lacking.

One CIO talked about the behaviour of many local CIOs who have been in post for a considerable time and referred to:

### ***“Tall Poppy Syndrome”***

This was seen as a real issue around the table. If younger and smarter technologists excel and challenge the status quo, specifically when influencing key stakeholders on the business side, they get pushed down a level as opposed to being nurtured or groomed to step-up.

The point was made that Australian business goes offshore for experienced individuals instead of nurturing the current talent.

To conclude international experience is a must for local CIOs if they wish to compete on the international stage for the top jobs.

## Does the profile of CIOs effect the perception of boards when looking to hire a new CIO?

*An interesting topic raised by one of the current US CIOs was the importance of personal profile for individual CIOs.*

There was agreement in the room that the global profile of international CIOs was far greater than local CIOs and that board perception of large Australian organisations is important in their decision to bring in overseas talent at the CIO level.

Following on from this point was the importance of networking. The Asian market is a tough network and so not only do you need experience, you also need a network to be successful. It is important to be on the radar of a CEO and the headhunting community by building a strong profile in the market.

American CIOs specifically invest in executive coaches and ensure that they have an international profile, this doesn't necessarily mean they are the best CIOs but perception is often everything.

There was agreement that the local market is good and there are some excellent CIO opportunities in Australia, however, to really excel you must have exposure to global market. Global markets are brutal and your ability to deal with global behaviour, time zones and cultural awareness is important when looking for talent at the CIO level.

The stand out example was the decision of CBA to hire Mike Harte from the US to take on the CIO role and essentially aggressively bring in new talent and cut spending.

## Attendees

Brett Winn	Michael Page
Malcolm Pascoe	Goodman Fielder
Angelo Grasso	Kaz
James O'Donnell	Aussie Home Loans
Scott Ashhurst	St George Bank
David Fryda	Tyco
Chuck Stegen	HSBC
John Childs	Westpac
Peter Nimmo	Panasonic
Jacque Dinklo	NSW Health
Gary Smith	TNT
Tony Ward	AMP
Jim Breen	Department of Education and Training
Hemant Kogekar	Consultant
Greg Walmsley	Arab Bank
Silvia Williams	Talent2
Steve Ackling	LogicaCMG
Frank Coogan	Consultant
David Hackshall	Staging Connections Group Limited
Roberto Martinelli	Tourism Australia
Chris Holmes	Arthur Allen Robinson
Tim Catley	Sydney Water Corp
Vladas Leonas	NSW Department of Housing
Thor Essman	DITRI Corporation: Sydney, Australia & New York, NY
David Mewett	University of Sydney
Mark Russell	Executive Consultant, Information Management
Andrew Vaughan	Talent2

## Apologies

Colin Knowles	ABC
Michael Vinter	AHL
Lee Barnett	AMP
Karen Clarke	ASIC
Chris Hatzidis	Aussie Home Loans
Paul Smith	Editor MIS Magazine
Bob Masina	Australian Payments Clearing Association
Gina Bernard	BNP Paribas
Glen Hickey	Calliden
Paul Gardiner	Consultant
John Keay	Colonial First State Global Asset Management
Stephen Kibble	Macquarie Bank
Garry Whatley	Corporate Express
Ed Binney	Consultant
Philip Walsh	GlaxoSmithKline Australia Pty Ltd
Sue Bartlett	Hudson
Nigel Smyth	Macquarie Bank
Henry Shiner	McDonald's Australia Limited
Peter Gasparovic	Mission Australia
Bobby Lehane	Multiplex Ltd
Chris Walter	Alphapharm
John Crampton	Qantas
Michael Dodd	Satnaym
Andy Graham	SG Fleet
Gary Voutos	PepsiCo
Fiona Balfour	Consultant
David Bowen	Suncorp
John Croker	Wattyl
Dan Beecham	Woolworths