

How does a CIO become a Fortune 500 Board Member?

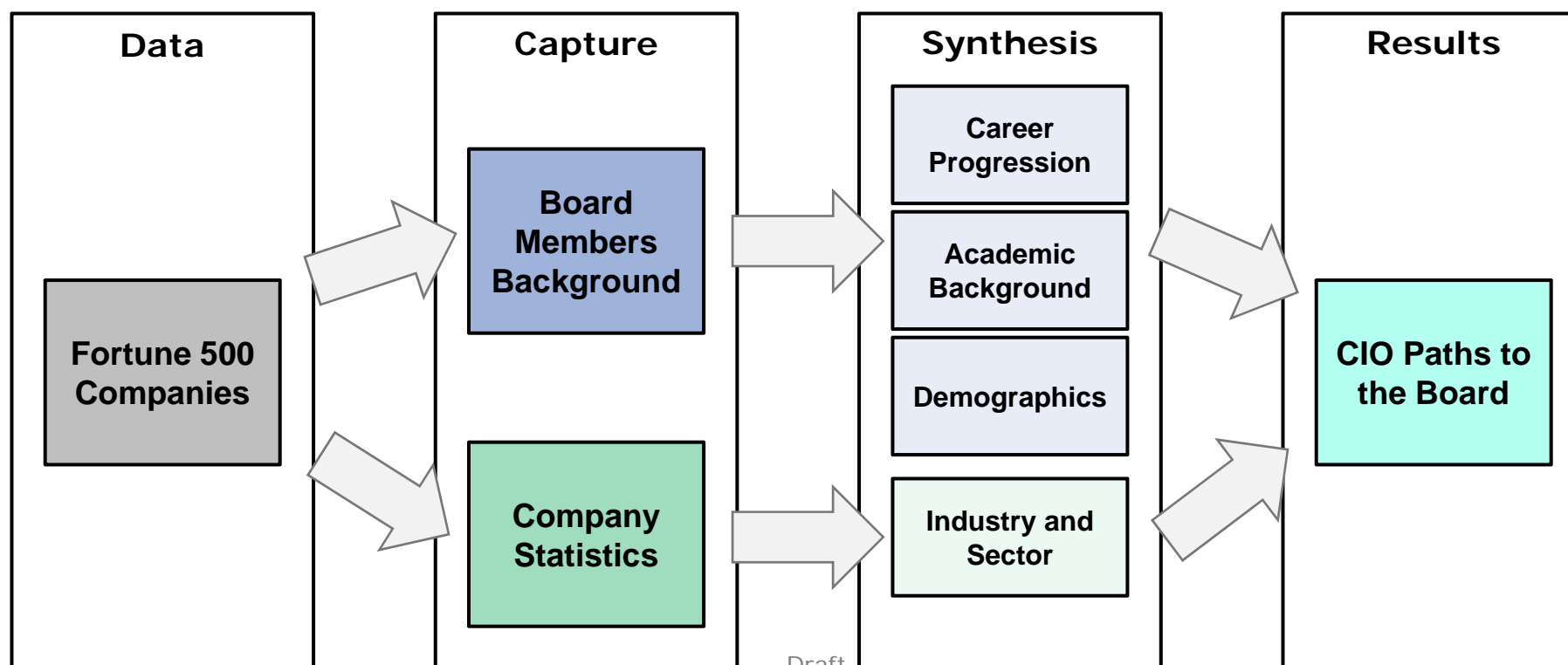
Diamond
Management & Technology Consultants



Overview and Approach

The purpose of this study was to capture the current state of CIO on the board of directors for Fortune 500 companies and to determine common themes and trends among them

In August 2010, we captured and analyzed all 5546 board members of the Fortune 500 companies to determine trends and commonalities among those individuals with a CIO background



What's the Reality?

When considering the likelihood of any company's Chief Information Officer rising to the rank of Board of Director for a Fortune 500 company, the truth is grim.

0.87%

48 of the 5546, fewer than 1 in 100, of board members have a CIO experience in their professional background

Board Members with IT Backgrounds

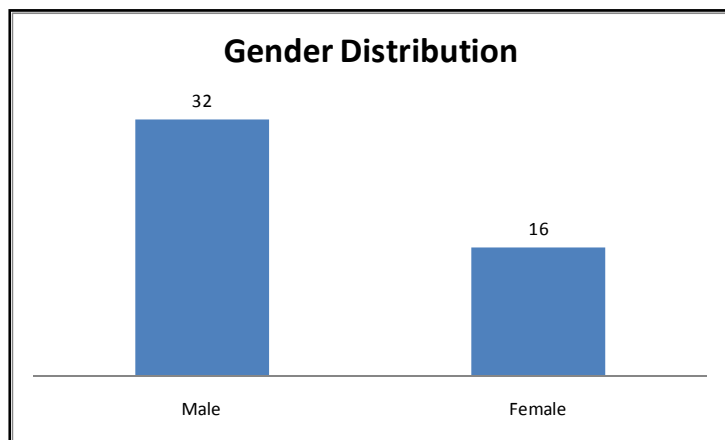
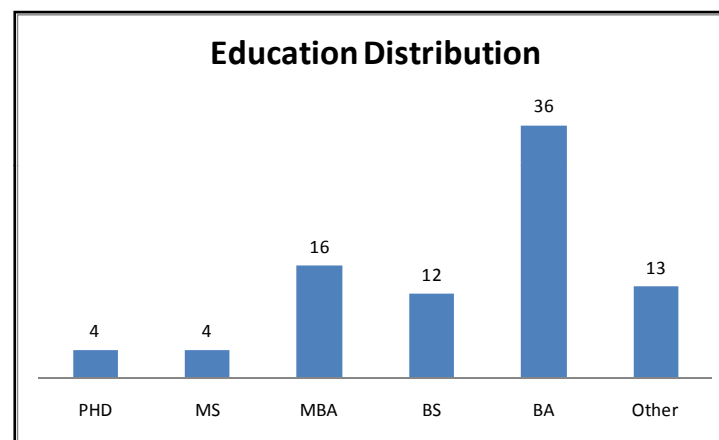
Company	Board Member Name	Company	Board Member Name
Wal-Mart Stores	James I. Cash, Jr.	eBay	Dawn Lepore
UnitedHealth Group	Glenn M. Renwick	Reynolds American	Martin Feinstein
Dell	Alex J. Mandl	Bank of New York Mellon	Ruth Bruch
Lowe's	David W. Bernauer	Williams	Joseph Cleveland
Lockheed Martin	James M. Schneider	Cablevision Systems	Thomas Dolan
Sears Holdings	Steven T. Mnuchin	Winn-Dixie Stores	Evelyn Follit
Cisco Systems	Michael D. Capellas	Ross Stores	Sharon Garrett Ph.D.
FedEx	James L. Barksdale	CarMax	Vivian Stephenson
Humana	W. Roy Dunbar	AutoZone	W. McKenna
Express Scripts	John O. Parker, Jr.	Visteon	Patricia Higgins
Travelers Cos.	Patricia L. Higgins	Visteon	Alex Mandl
Oracle	Naomi Seligman	W.W. Grainger	James Ryan
Tech Data	Kathleen Misunas	KeyCorp	H. Dallas
TJX	David Ching	Mattel	Kathy White
U.S. Bancorp	Pamela Joseph	PetSmart	Rita Foley
PNC Financial Services	Timothy Shack	MasterCard	David Carlucci
Nike	John Connors CPA	Eastman Chemical	Renée Hornbaker
Cigna	John Partridge	Polo Ralph Lauren	Hubert Joly
Computer Sciences	Arthur Money	Spectra Energy	Austin Adams
Gap	Bobby Martin Ph.D.	United Stationers	Charles Crovitz
EMC	Randolph Cowen	St. Jude Medical	Richard Devenuti
Qwest Communications	Caroline Mathews	NCR	Robert DeRodes
Dean Foods	Doreen Wright	Fiserv	Denis O'Leary
Parke Hannifin	Candy Obourn	Unum Group	Jon Fossel

What does the data tell us?

Deeper analysis of these 48 individuals reveals interesting pieces of information that were not expected regarding educational background and gender

They did not have a more technical educational background than the average board member

- BA was the most frequent degree with an MBA the next most popular



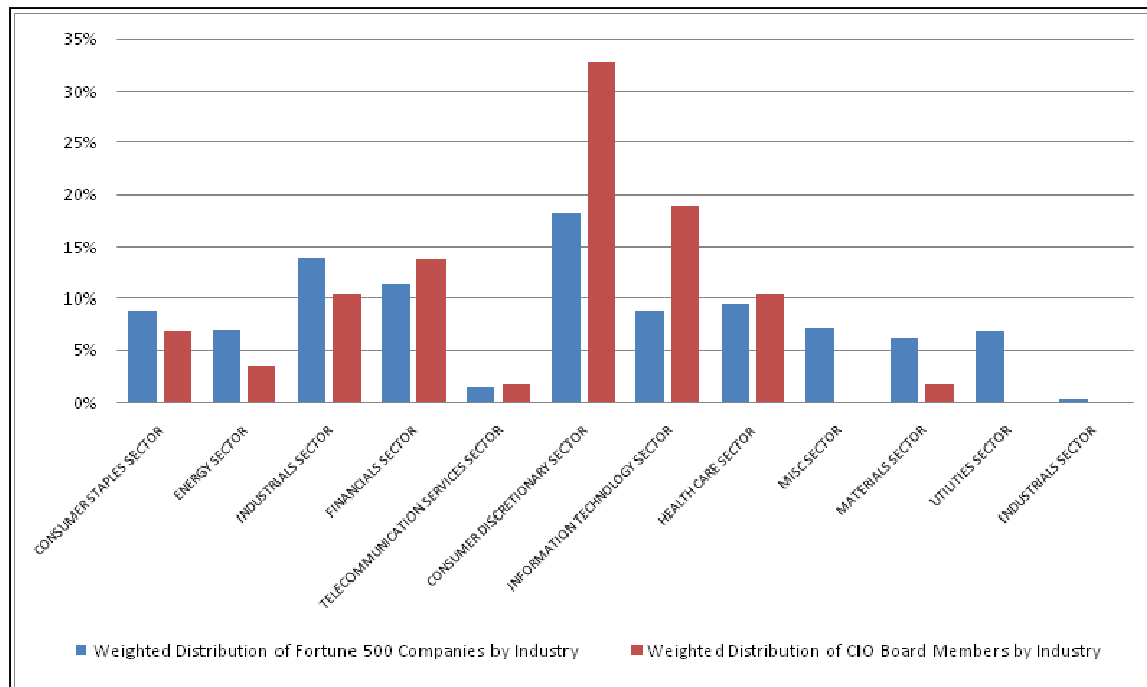
1 in 3 were women

- This is a much higher percentage of females than you'd find in the ranks of technology executives or board members more broadly

What else does the data tell us?

All industries are not made equal for CIO board members

Those industries that are more technologically intensive are more likely, among this small group, to have a board member with CIO experience



The Top 3 Industries were:

1. Consumer Discretionary

- Ex. Ford, Home Depot, Target & Best Buy

2. Information Technology

- Ex. Hewlett-Packard, Apple, Google & Oracle

3. Financial Services

- Ex. Bank of America, J.P.Morgan Chase & Citigroup

Frequency-weighted distribution comparison of Fortune 500 Industries and boards with CIO-experienced members



Who are these people?

Combining company and individual demographic, career progression, and academic background data, we were able to discern four distinct paths to become a member of the board

Path 1 – Entrepreneurs and/or Technology Leaders

- The largest category with 20 of the 48 individuals

Path 2 – Organic career progression to COO / CFO / CEO within a large, reputable company

- The second largest category with 16 of the 48 individuals

Path 3 – Sustained CIO experience across multiple companies

- The third largest category with only 7 of the 48 individuals

Path 4 – Academics and/or consultants

- The smallest group with the remaining 5 of the 48 individuals

How Does a CIO Make this Happen?

Many CIOs express an interest in serving on a public board but are unaware of how to make this happen

The best way to get board exposure is presenting to your current company's Board of Directors

- If you are presenting quarterly to your board, you are gaining excellent experience and meeting key influencers who can help you gain visibility into other board opportunities
- Suggest the establishment of a technology committee for the board

Get experience

- Join a non-profit board or an advisory board to gain practical experience

Move beyond IT

- As the data shows, most IT leaders sitting on Boards have experience outside the IT function. Find opportunities to take on supply chain, shared services, operations or P&L responsibilities

What should I think about?

In light of all the information above, the following things are key for you to think about if your goal as a CIO is to be on the board for a Fortune 500 company?

- 1. Consider the identified paths to success and see which path is the most likely for you considering where you are starting from.**
- 2. If you are a CIO, you should determine if you could move toward a more general management position, if not, ensure that you can create a world class track record as a CIO.**
- 3. Most importantly, the CIO can only get to the board if they are seen as someone who can help to drive the business, not just manage the function. If your track record only shows what you have done for the IT function, your likelihood of having a chance to be a board member is low. If you can show how you have helped a business lower it's risk, and see around the corner, while growing profitably, your chances will increase significantly.**