



From Keyboard to Boardroom: The Ascent of Engineering Leaders and Chief Technology Officers

Engineering leaders and chief technology officers (CTOs) have always been integral in the development of new technologies and platforms. With digital transformation and the growth of the Internet of Things, both roles are rising in prominence. No longer isolated to the world of high tech, CTOs increasingly have a seat at the table, especially in industrial, consumer and e-commerce companies where technology is becoming the end product. As these roles become more strategic, it could become more challenging for CEOs and general managers (GMs) to determine which skills their organizations need going forward, especially if these roles are new to the organization. In this article, we will explore the capabilities companies need to assess, how to attract this limited pool of talent and common hiring mistakes to avoid.

STRATEGISTS, PARTNERS AND TALENT MAGNETS

For the CTOs and engineering leaders of today, technology expertise is not enough. While it's vital that these leaders remain fluent in the technical side, technology officers and heads of engineering must possess a range of skills, from attracting top talent to deconstructing complex issues and translating them into insights for the rest of the business.

Recruiter of rock stars

One talent partner with a global venture capital firm looks for portfolio company tech leaders who are “only one step removed from writing code,” but who can also build a product and, arguably most important, recruit and retain superstars. In a world where strong tech and engineering talent is scarce, a leader's ability to build top teams is critical — and valuable. “At the end of the day, a major component of how companies are valued is by how well the leader can recruit and build an exceptional team,” he said.

Ability to speak the executive team's language

CTOs and heads of engineering must be able to act as problem-solvers and translators of complex issues for the rest of the organization. Leaders in these roles are being increasingly called upon to understand and communicate how technology impacts the business — and generate support across functions in order to help prioritize and pursue new opportunities. This requires tech leaders who grasp the issues that are most important to the executive team and who can clearly explain technology issues without getting mired in the backend complexities. As one CTO advised, “You can't talk to the CEO about servers. You have to provide the big picture and speak the executive team's language, not your own.”

Business partner and adviser

A clear indicator of the growing importance of these roles is their evolution from implementers to strategic partners and leaders. The dynamic between technology and senior management has shifted, with engineers and CTOs not simply delivering on a vision, but proposing alternative ways to achieve objectives.

At the same time they are conveying what's possible through technology, the best CTOs and engineering leaders are able to listen to myriad stakeholders and make decisions about where to invest, balancing the needs of internal and external clients, product complexity and vendor relationships in an ever-evolving ecosystem. The thread running through all these interactions must be a passion for the technology. Without an avid interest in technology, a leader cannot fully dive into healthy disagreements about direction and can instead fall into the trap of managing internal politics versus technology strategy — a circumstance that can lead to a CTO's downfall, according to one senior executive.

CTO VS. ENGINEERING LEADER: WHICH DO YOU NEED?

When considering the need for a new technical leadership role, it is important to delineate the skills needed to drive the specific outcomes required for the business. For many companies, the decision often comes down to whether — and when — to hire a CTO or a senior engineering leader. While titles, roles and responsibilities of technical leaders often are interchanged, we offer a few observations on these two key roles.

CTO: We typically see organizations seeking a CTO when there is an increased emphasis on product strategy and customer engagement. CTOs bring strong technical expertise complemented by an innovation mindset and ability to drive strategic planning. CTOs often are called upon to be “market evangelists” and to serve as the face of the company and product in the market.

Engineering leader: Also deeply technical, engineering leaders often focus on increasing the efficiency of product development, improving processes and driving innovation. With a strong results orientation, top engineering leaders are passionate about building teams and increasing the speed and automation of development. Engineering leaders work closely with CTOs and product teams to translate strategic planning into actionable delivery plans.

Excited by thorny problems and creative solutions

The former CEO of an online travel agency has found that “good technical technology leaders are excited by hard problems. Technologists like a challenge. If it’s too easy, it’s going to be boring to them.” The other side of the coin is innovative problem-solving, which can be harder to assess. Hands-on experience in research can be evidenced by patents, publications and successful new product roll-outs. Companies can also look for leaders who have successfully established and managed innovation and research organizations.

Potential over past performance

It is rare to find a CTO or engineering leader who has exhibited the full range of hard and soft skills necessary to succeed in the role. Thus, one chief executive prioritizes potential over previous performance. “I prefer to get the person who got to a particular level with fewer years of career experience than the person who reached the same level with more years of career experience because it’s a higher trajectory,” he said, noting that the faster growth can indicate greater adaptability. However, he acknowledges the trade-off is that the leader may not have previously performed certain tasks or worked at scale. To help determine whether a candidate can rise to the challenge, organizations need to ensure they have a rigorous interviewing, assessment and vetting process.

HOW SUCCESS IN THESE ROLES IS MEASURED

While the complex nature of CTO and engineering roles can make success difficult to measure, organizations can focus on three key areas:

- » **Delivery:** Are we providing a high-quality product on time and on budget?

COMMON MISTAKES WHEN RECRUITING A CTO OR HEAD OF ENGINEERING

The shortage of CTOs and engineering leaders combined with their growing strategic importance has raised the stakes of the recruitment process. Here are some common missteps organizations should avoid:

- » **Assuming a brand name is enough to attract top talent.** CTOs are in high demand and have their pick of industry-leading companies. Organizations will need to provide more compelling reasons for a tech rock star to join their ranks.
- » **Fishing in a limited pool.** Some companies fall into the trap of focusing their search for talent too narrowly — for example, looking for niche technical expertise or a background in a specific sector. Instead, organizations should widen their scope and consider candidates with tangential experience. The CTO of a publishing company brought on the former head of engineering from a leading media and entertainment company. He also looks for talent from leading universities and startups where leaders had to build something from the ground up, and considers the banking industry a rich source of infrastructure expertise.
- » **Ignoring a cultural mismatch or lack of chemistry with the executive team.** If the leader cannot operate at the executive team level or does not align with the culture, he or she cannot effectively drive innovation and transformation. It’s that simple.
- » **Waiting too long to make an offer.** Organizations that drag out the hiring process in search of the “perfect” leader risk losing out on strong candidates in today’s highly competitive market.
- » **Not fully committing to technology as an enterprise.** Technology leaders want to work for CEOs and organizations where technology is seen as mission-critical. Even if the CEO is passionate about technology, if leaders across functions are not, that is a red flag for tech executives.
- » **Not providing growth opportunities.** Organizations that are successful at attracting top talent shift individuals around to expose them to new products and projects.

- » **Innovation:** Are we delivering innovative solutions before our competitors? Are we building disruptive products and platforms?
- » **Team:** Have we been able to build a best-in-class team? Do top technologists want to work for us? Is this leader good at recruitment, retention and performance management?

In addition to success in these three areas, another marker of a high-performing CTO or head of engineering is credibility among senior management and the board.

LOOKING AHEAD

Digital is enabling companies across industries to build direct relationships with customers, elevating the importance of technology and engineering leaders. More organizations are realizing they cannot outsource such a strategic role, and demand for CTOs and engineering leaders continues to grow dramatically. However, there is no one-size-fits-all approach when it comes to technology leadership. For some, separate technology and engineering functions can create a healthy tension that ultimately improves the product; due to their structures and scale, other organizations combine the CTO and head of engineering roles. In an era where technology has far-reaching implications for the business, it has become clear that technical skill-sets are only part of the equation. Organizations need CTOs and engineering leaders with the ability to communicate complex concepts, act as partners to senior management, garner support for investments in innovation, and attract and build top teams. Many organizations will need to rethink their traditional assumptions in the race for today's "star athletes" or risk being on the losing side.

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FIVE QUESTIONS YOU SHOULD EXPECT CTO AND ENGINEERING CANDIDATES TO ASK

To attract top leaders, organizations need to understand what's on the minds of CTOs and engineering leaders as they consider a new role:

1

How pervasive is the commitment to innovation — will I be able to truly innovate or merely extend existing product lines?

What are the existing research and innovation capabilities — am I building an organization or taking over one that already exists?

2

3

What are the key drivers for success? What will I be required to achieve in the first 12, 18 or 24 months?

Am I able to focus on solving technology problems that are truly of interest to me as a professional?

4

5

What financial commitments will the organization make to technology?

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