

Guttman Insights

December 2012



James P. Knight is global chief information officer and executive vice president of Chubb Insurance Company, a top-ten global insurance organization that provides a range of services to both personal and commercial accounts.

How has the role of the IT function changed over the years?

It's evolving. IT is moving from back to front office in terms of importance. Historically, the IT function was very transaction based, dealing with transaction-processing issues relating to accounting, payroll, HR, claims, and underwriting. For information companies, such as Chubb, IT is fast becoming much more strategic; we're now viewed as a pillar of the company's success. We are the bloodline of the company, tasked not only with improving transactional efficiency and effectiveness, but also with making the company more intelligent.

So what issues is the IT function at Chubb now dealing with?

We're grappling with a range of issues, from how best to do policy writing and claims to how we invest and how we deal with catastrophes. We view ourselves as a tool to process, optimize, and manage information to create customer stickiness, as well as to make Chubb a more intelligent enterprise. It's another arm of the business offense.

What's been the impact of the proliferation of computer devices, such as tablets, smart phones, and laptops?

We can now touch the customer as never before. It goes way beyond billing and online payments to sharing our policies with customers and engaging them interactively. The more intimate you become on line, the more stickiness you create, and the less likely customers are to change to another provider.

'Tis the season to be merry. Despite whatever woes may have come our way in 2012, let's stop to count our blessings. Happy Holidays from the Guttman team! In this issue, Chubb CIO, James Knight, discusses the challenges and opportunities facing today's wired organizations. Howard Guttman holds forth on lessons from the conflict in the Citigroup boardroom, and Guttman consultant John Hughes discusses self-coaching as a new way to drive up a company's leadership bench strength. All this in a five-minute read.

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Meeting IT Challenges at Chubb

What's the biggest challenge facing IT functions in today's global enterprise?

The biggest IT challenge involves grappling with the question: Who will get to the future first by rapidly harnessing the power of technology? It's all about speed of innovation and delivery. One reason why this is a daunting challenge is that there is a lot of legacy built into IT systems. Examine most organizations and you'll find monolithic systems that are inflexible, built on obsolete technologies, and difficult to change. You can't go about rebuilding them without spending millions of dollars just to be in the same place you were before you rebuilt them. The only difference is that you will have more-current technology.

How are you addressing this challenge?

We're chipping away at it. We've begun to build things in components, much like Legos. Each "Lego" is a component of a system that you can then zero in on and replace quickly and cost effectively, if need be.

You decided to move your IT team to the horizontal, high-performance model. Why?

IT will make or break Chubb. If we do it right, we can use technology to outpace competitors. We're making tough, important decisions about transforming IT—and we must make them quickly. This requires fresh thinking and leadership alignment around our mission and vision, beginning with the leadership team. We need to be fully accountable for one another's success and to be able to address issues with candor. If someone is off strategy or underdelivering, we need to get them on track without hesitating.

What's different about your leadership team now that you have been through the alignment process?

We've identified, and are working toward correcting, the underlying disconnects that have kept us from performing to our maximum potential. We now have a common understanding of our key objective: becoming a world-class IT function. If someone offers an idea or suggestion, you'll often hear a colleague raise the question: Is that really world class? The level of candor has increased. You hear team members challenging one another—and me—professionally and with greater energy. People will say what's on their mind without the long preambles. We have a common set of protocols for decision making, which speeds up the process and taps into the best available insights and information.

What advice would you give other senior executives who want to elevate their team's performance?

The whole is greater than the sum of the parts. It's may sound like a cliché, but it remains true. The synergy of having a leadership team that understands and believes in the mission and vision and has the fortitude and candor to drive toward achieving them makes the leader's job far easier. CIOs cannot know everything, which is why open discussion and debate enable leadership teams to capitalize on what they bring to the table. And, if you want to change an organization, start with the leadership team. When the next levels see a noticeable difference in behavior, they too will want to become part of the transformation. ●



The Coup at Citigroup

by Howard M. Guttman

Here we go again: yet another case of boardroom shenanigans, this time at Citigroup. The New York Times (October 25, 2012) set the scene this way:

“Vikram Pandit’s last day at Citigroup swung from celebratory to devastating in a matter of minutes. Having fielded congratulatory e-mails about the earnings report in the morning that suggested the bank was finally on more solid ground, Mr. Pandit strode into the office of the chairman at day’s end on Oct. 15 for what he considered just another of their frequent meetings on his calendar.”

But there were no attaboys for Mr. Pandit, chief executive of Citigroup. Instead, he was summarily dismissed, along with his “longtime lieutenant,” COO John Havens. Turns out that Mr. Pandit and Citigroup chairman, Michael E. O’Neill, weren’t exactly bosom buddies. Mr. Pandit had beat out Mr. O’Neill for the top slot. For many months, O’Neill had been waging a behind-the-scenes campaign against Pandit by carefully isolating individual board members, lobbying for Pandit’s ouster.

Substantive and personality issues aside, what’s troubling here is the decision-making process. It evokes similar dysfunctional behavior by boards ranging from Hewlett-Packard back in 2006 to the recent flap at the University of Virginia.

Like any other team, a board of directors is a team of players created to produce results. Boards have two primary responsibilities: guidance to senior management and oversight. To effectively exercise these responsibilities, boards must behave as high-performance teams whose members have clearly defined roles, operate transparently, are adept at conflict management, know how to depersonalize business issues, and remain at stake for one another’s success.

At Citibank, according to the Times report, O’Neill “took an unusually active management role,” visiting trading floors and immersing himself in details. It’s not exactly what you’d expect from someone in the chairman’s role. Conducting subterranean conversations and recruiting supporters on the board doesn’t sound like O’Neill saw himself in the role of a coach and advisor to top management. Nor was he at stake for Pandit’s success.

Boardroom discussions represent high-stakes decision making.

It’s all the more reason for boards to make those decisions as a high-performance team.

Let’s go back to the basics: Boards that play at high-performance levels are aligned in four areas:

- They understand and agree to the key strategic and operational goals that management is working toward.
- The role of the board needs to be carefully delineated, so that directors know exactly what they are responsible for and what they are authorized to do—individually and as a full board.
- Protocols, or ground rules, must be established for how decisions will be made

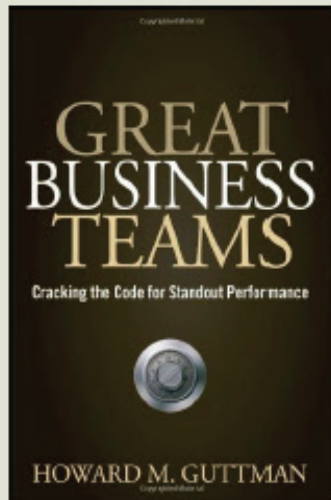
and how conflict—among the board members and with the company’s executive team—will be addressed.

- Interpersonal relationships—the range of personal behavior styles that directors adopt when interacting with one another and with management, as well as their expectations of one another—must be understood and managed.

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Great Business Teams Now an Audio Book

Howard Guttman's book, *Great Business Teams: Cracking the Code for Standout Performance*, is now available in an unabridged audio version from audible.com, an Amazon company. To order, [click here](#).



Speaker's Corner

February 21, 2012

6:00-9:00 p.m.

Howard M. Guttman

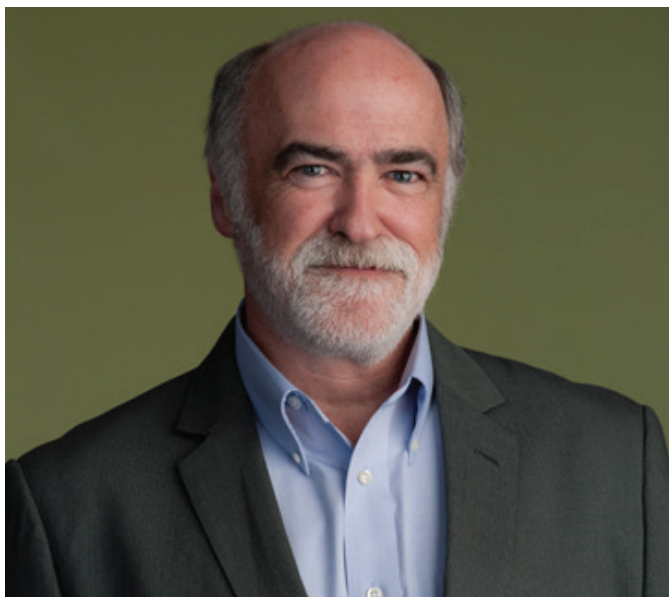
"Creating Performance Breakthroughs Through Self-Coaching"
International Coach Federation, Philadelphia
Plymouth Meeting, PA

New Additions to Guttman Leadership Video Series

Howard Guttman has added four new videos to our hard-hitting series on leadership. Here are the issues he addresses:

- Onboarding High-Performing Players
- Shifting to a High-Performance Culture
- Horizontal vs. Hierarchical Organizations
- Aligning for High Performance

To access these and the other videos in the Leadership series, [click here](#), or visit www.guttmandev.com and click on the YouTube icon at the bottom of the home page.



From a Consultant's Notebook

John J. Hughes

Presenting Situation

Group of high-potential directors, managers, and staff within the supply chain organization of a major consumer products manufacturer sought coaching opportunities to move their careers forward. ... Company wouldn't invest in external executive coaching for mid-level employees. ... Next level up too busy to have meaningful career discussions with them. ... Company wanted to more effectively tap potential of the next generation of leaders to ensure greater bench strength.

Charter for Guttman

Key question the company wanted answered: How do we drive employees to the manager's office to initiate career discussions, so that both parties are invested in the outcomes? Traditional manager-driven career reviews/discussions weren't working, especially for high-potentials. Client sought to embed Guttman's *Coach Yourself to Win* approach into the development process for high-potential leaders.

Process

Selection criteria carefully established for candidates' participation in the program. ... Emotional maturity, transparency, willingness to accept feedback, willingness to be stretched, and high potential for upward mobility were key criteria. Key aim of program was to facilitate honest, open discussion between managers and their reports, for participants to take ownership for their careers, and to give the participants needed skills to take up their game. Kick-off conference held for participants and executives to whom they reported. ... Ensured that everyone understood expectations. ... Alignment between participants and their managers was essential. ... Two pilot sessions, each structured for 14 participants. Each session ran for a day and a half, with one month between the first day and the follow-up half-day. Interim coaching helped participants refine their Intentions, identify and engage their Guides and Circle of Support, and solicit feedback. ... Follow-up assessment provided client with an assessment of progress and results.

Results

Participants honestly evaluated their own coachability. ... Self-reflection proved empowering. ... They identified and committed to realizing key Intentions. ... Everything from showing up more powerfully to filling skill gaps to seeking assignments to round out their experience. ... Fellow participants proved to be a great resource in helping to frame and test realism of Intentions, selection of Guides and Circles of Support, and developing feedback questions. ... Team building was an unintended positive consequence. ... Interim coaching helpful in assisting participants to clarify their Intention, clarify the roles of the Guide and Circle of Support, and plan information gathering. ... Thirty days and 60 days after the second session, participant progress was reviewed, questions and updates solicited. More than 50 percent of participants reported significant progress toward realizing their Intention. ... Twenty percent of participants reported getting promoted to the next level. ... Widespread sense of empowerment, "cross-pollination," and mutual support among participants from both sessions. ... Managers of participants drawn naturally into the development process, as they often asked to become part of participants' Circle of Support.

Key Insights

Give high-potentials the opportunity—and tools—to "own" their future, and they will do so. The program creates a pull for them to talk to their manager about their development and for managers to become more actively and dynamically involved. The role of the manager shifts from leading the discussion to becoming a supporter within the employee-driven process. This is a cost-effective way to build bench strength. One caveat ... upper management needs to be committed to the process, or it won't work. ●