SearchCIO-Midmarket.com

TECHNOLOGY MANAGEMENT STRATEGIES
FOR THE MIDMARKET CIO

The 2008 Salary Survey Results

Our exclusive look at what's rising, what's flat and what compensation really looks like for IT executives in the midmarket.

TechTarget
The IT Media ROI Experts

Cautious Optimism Pervades Midmarket

Surprise! Despite the downturn, most midmarket CIOs are doing better than last year. BY KATE EVANS-CORREIA

HOW MUCH DO you make?

You're thinking: Not enough. But here's something that may surprise you—you're better off than most.

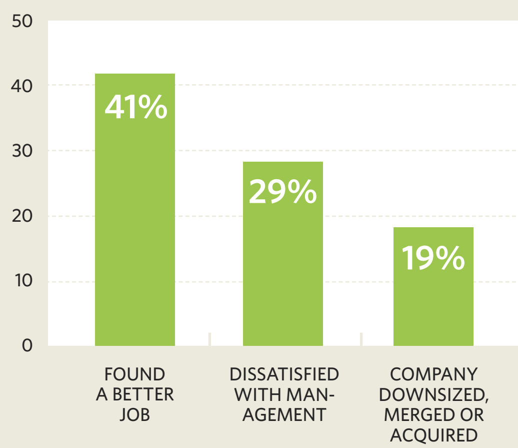
According to the 2008 SearchCIO-Midmarket.com survey of nearly 250 CIOs and IT managers, respondents from midmarket organizations are confident they will get a raise next year—and a bonus. They also say they have increased job flexibility and feel confident enough in their skills (and the market) that they'd just as soon leave their job as put up with a bad boss.

Despite an uneasy economy, IT

Here's Why You Head for the Door

The top two answers show senior IT executives are taking their careers into their own hands.

Why did you leave your last job?

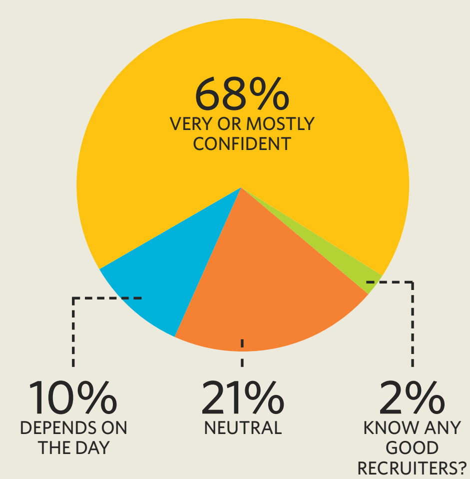


N=215 MIDMARKET IT EXECUTIVES. TOP THREE ANSWERS FROM LIST OF 10. MULTIPLE RESPONSES ALLOWED. SOURCE: CIO DECISIONS MEDIA SALARY STUDY, JULY 2008.

No Job Fears Here

Despite the sluggish economy, most CIOs feel confident that their jobs are safe.

How confident do you feel about job security?



N=234 MIDMARKET IT EXECUTIVES; EXCEEDS 100% DUE TO ROUNDING. SOURCE: CIO DECISIONS MEDIA SALARY STUDY, JULY 2008.

professionals are refreshingly optimistic. And why not? Compensation for midmarket CIOs and IT managers remains solid (about $150,000) with above-average pay increases (albeit modest, at about 4.5%). In addition, technology spending is up, and opportunities are plentiful for managers with the right skill set (just ask a recruiter).

The survey also found:

- Roughly three in four execs expect to get a raise for 2009, most in the 3% to 4% range.
- Three in four also get some sort of bonus as part of their compensation.
- Bonuses are expected to increase the most at companies with 100-499 employees (by 60%). Elsewhere,

Salaries: Bigger Companies Often Mean Bigger Salaries

The salary curve shifts to the right as company size increases, with fewer respondents at the low end of the salary range.

Company size (by number of employees)	Less than $75,000	$75,001-$105,000	$105,001-$145,000	$145,001-$200,000	More than $200,000
100-499	20%	28%	25%	25%	3%
500-999	6%	27%	32%	22%	13%
1,000-2,499	5%	30%	30%	23%	11%
2,500-4,999	3%	27%	42%	24%	3%

N=234

Raises: Holding Steady

Though roughly one in 10 companies currently has a hiring freeze, three in four IT execs at midmarket companies expect a raise next year of about 4%.

Company size (by number of employees)	Median raise 2008	Median raise 2009*	Average raise 2008	Average raise 2009*	Salary freeze	% getting raise in 2009*
100-499	4%	4%	4%	4%	10%	84%
500-999	4%	4%	4%	4%	16%	77%
1,000-2,499	4%	3%	5%	3%	15%	77%
2,500-4,999	4%	3%	5%	4%	9%	76%

* EXPECTED; N=234

they are expected to increase by roughly 25% to 40%.

- Bonuses typically range from $20,000 to $35,000.

- Roughly 14% of respondents said their companies have implemented a salary freeze as a result of the economic downturn. In the midmarket, 12% of respondents did not get a raise at all this year and the same percentage expect no raise next year. At companies with more than 5,000 employees, 6% didn't get a raise this year—but 26% expect nothing more next year.

For the most part, these findings reflect what independent industry observers are saying: It's good to be the CIO. Certainly, there's still progress to be made. In some organizations, salaries are not commensurate with those of C-level executives in other departments. And while getting to the head of the table is attainable, it is not yet a given.

So in this issue we get to the nitty-gritty of salaries and compensation and examine how CIOs fare in a shaky economy, deal with changes in management and see—when things don't work out—how to land that dream job.

CIOs say they have increased job flexibility and feel confident enough in their skills that they'd just as soon leave their job as put up with a bad boss.

Here's to optimism! ■

Kate Evans-Correia is Executive Editor for CIO Decisions Media. Write to her at kevans@techtarget.com.

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Bonuses: On the Rise

Some three in four execs at organizations of all sizes get some sort of bonus as part of their compensation. Bonuses for 2008 are expected to be significantly higher than 2007 for most organizations.

Company size (by number of employees)	Median 2007	Median 2008	Average 2007	Average 2008	Yr.-over-yr. change (avg.)	% getting bonuses
100-499	$15,000	$20,000	$19,295	$30,828	60%	77%
500-999	$16,830	$25,000	$24,550	$34,147	39%	73%
1,000-2,499	$28,000	$23,750	$32,383	$32,479	0%	73%
2,500-4,999	$20,000	$31,000	$38,468	$49,096	28%	79%

N=234

What If You Want a Bigger Raise?

Even if you think you deserve more, waiting out the downturn may be a good idea. Here's why. **BY ZACH CHURCH**

THE GOOD NEWS is that CIO raises don't appear to be down, despite the troubled economic times. The bad news? Raises aren't going up, either. And the poor economy has many midmarket CIOs holding back from asking for more than the usual 3% to 5% raise.

A SearchCIO-Midmarket.com survey conducted recently of nearly 250 midmarket CIOs and IT managers found that 54% of them are less likely to ask for a raise in bad economic times. Sixteen percent said they were more likely to ask for a raise because of the poor economy.

But 52% of midmarket CIOs received a raise between 3% and 5%, numbers that at least match inflation, if little else. Sixty percent of midmarket CIOs said they expect a similar raise next year.

Fourteen percent of survey respondents said their companies have implemented a salary freeze because of the country's poor economic situation. And 12% of respondents report they did not get a raise at all this year. Twelve percent expect no raise next year.

"I think that as companies start to feel the pain financially, there will also be some salary freezes, particularly for those CIOs that are already at the top of their pay band," says Diane Berry, managing vice president for Stamford, Conn.-based Gartner Inc.'s CIO workforce management group.

Berry says the severity of wage freezes and stifled bonuses will vary, depending on whether a company is publicly traded and what industry it is in. "[In public companies] stakeholders will want a link between share value and executive pay," she says.

> "If a CIO is being asked to lay people off and stop projects and put hiring freezes on, it would not behoove that CIO to say… 'I want a raise.'"
>
> —**MARTHA HELLER**, MANAGING DIRECTOR, Z RESOURCE GROUP INC.

"Down the road, it's certainly going to have that effect on incentive pay," she adds. "I suspect that's going to be stalled."

Greg Hirte, IT manager at commercial insulation provider Bay Industries Inc. in Orlando, Fla., got a 1% raise this year.

"Normally, it's about a 3% increase," Hirte says. "Business is down.

"I told them I was disappointed and said, 'Here are the reasons why; here are all the things we accomplished,'" he says. But that wasn't enough, and Hirte went without.

If business is down, it might be best for a CIO to take one on the chin in order to save face and build a reputation as a team player, according to Martha Heller, managing director of the IT leadership practice at Z Resource Group Inc. in Westborough, Mass.

If a business is struggling—one CIO Heller spoke with said his company's product sold only 12,000 units recently, down from an expected 80,000—it just isn't the right time to ask for a bigger raise, she says.

"If a CIO is being asked to lay people off and stop projects and put hiring freezes on, it would not behoove that CIO, from a moral perspective, from a sense of respect for the company, to go and say, 'I want a raise,'" Heller says.

"That person would not be perceived as a team player," she says. "He wouldn't be perceived as having good business sense."

Hans-Werner Buerger, specialist for IT performance and standards at Chicago-area medical equipment manufacturer Hollister Inc., sees things differently. Buerger says he believes there is no harm in asking for a raise in tough economic times, provided it is deserved.

"I don't hesitate to ask, actually," he says. "I don't have in mind, 'Maybe I'll be on a blacklist.' If I believe that I'm doing a good job and I'm a benefit and a very good human asset in this company, I go out and ask for a raise.

"You can ask," he adds. "If you get it is another game here." But the asking may be the point. Buerger says being an advocate for himself at the company is "due diligence" and an opportunity to mention his accomplishments over the year.

Of course, many CIOs have a contract that guarantees a raise and bonuses based on certain criteria. Heller says a well-performing CIO who is achieving the goals set for his or her bonuses can expect a raise of between 3% and 10% each year.

David Lewis, CIO at Desert Mutual Benefit Administrators in Salt Lake City, appears to be one of those CIOs. Some years, he gets by on a small raise. But that's not a problem, he says, because every couple of years he is rewarded with a raise as much as five times what he expected.

"I have never felt the need to go in and ask for a salary increase," Lewis says. "They have done fairly well taking care of me personally."

Lewis says he has occasionally advocated in favor of his staff.

"I do go request promotions or occasional in-grade salary adjustments if someone is performing very well, progressing very rapidly," he says. ■

Zach Church is a contributing writer for SearchCIO-Midmarket.com. To comment on this story, write to editor@searchcio-midmarket.com

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Exit Strategies: Do You Really Dislike Your Boss That Much?

Survey respondents report dissatisfaction with management as a top reason for leaving their most recent gig.

BY KRISTEN CARETTA

THE CURRENT ECONOMIC situation is not particularly favorable for those looking for a new job. Companies are instituting hiring freezes and financial cuts and have entered into an overall "save mode." In this atmosphere, finding a new job has grown increasingly difficult, so why would someone decide to leave a job?

Results from the recent SearchCIO-Midmarket.com salary survey, which polled nearly 250 midmarket CIOs and IT managers, show that 30% of survey respondents left their last jobs because of "dissatisfaction with management." This beat out company downsizes or mergers (18%), a change in a role or position (15%) or work/life balance (14%). (Simply finding a better job was the most popular reason, however, cited by 41% of respondents.)

JOB SATISFACTION KEY

Martha Heller, managing director at Z Resource Group Inc. in Westborough, Mass., says she does not find the results particularly surprising. "Regardless of the economic period, people still demand job satisfaction," she says. And they are unwilling to settle for anything less.

By the time you reach a certain level in your career, you become intertwined with not only your boss and your department but also the entire company. The success of your particular role is directly related to the success of the company, Heller says.

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PUSHED TO CHANGE

In 2008, an increasing number of CIOs approached Heller looking for jobs because they wanted a transition. What was one of the top reasons for leaving? A lot of them were being forced out by economic factors such as division closings and IT outsourcing, Heller says. This, she says, became especially relevant at the midmarket level.

If their positions weren't eliminated, many CIOs wanted to leave because their companies went into "cost-cutting and downsizing mode," cancelling projects and generally losing the excitement and appeal the CIOs felt their positions once offered.

Then there are the management changes. CIOs may have been satisfied with their previous bosses, but "when CIOs are driven to change because of management, it's most likely based on a change in management, a new management style they don't like," Heller adds.

Michael Price—IT director at Shelley Group, a half-billion-dollar-a-year company with 500 users, 30 servers and eight land locations in California—knows this all too well.

Before joining Shelley Group, Price found himself in a difficult situation as a result of changes in management. Although he was on a promotion track, when a new CIO was brought in who was not "tech savvy," Price started job hunting.

Soon he was one of the last tech managers left. "You need tech skills to manage in IT. I started off with 15 knowledgeable managers," he says. "Suddenly, I looked to my right and I looked to my left, and it had all dwindled. I was the only one."

But Price didn't immediately give his two-week notice. He spent a year in the position searching for a new opportunity. "You have to go with the flow and see what's out there," he says. "I didn't just quit because I was angry."

He did, however, know what he wanted out of his next job: a good team in IT. "People need to have tech skills, good customer service skills and they need to be humble. In IT, there's no faking it," he notes. ■

Kristen Caretta is associate editor for SearchCIO-Midmarket.com. Write to her at kcaretta@techtarget.com.

Statistically speaking....

8.8 million

The number of unemployed people in the U.S. in July.

5.7%

The unemployment rate in July

SOURCE: BUREAU OF LABOR STATISTICS

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Future Plans: Headhunters' Advice

Thinking of changing jobs, even though times are getting tough? Get ready by raising your business profile. BY LINDA TUCCI

TALK TO HEADHUNTERS specializing in CIO searches and they all say the same thing: If you're good, we'll find you. Maybe so. But for CIOs or would-be CIOs whose phones are not ringing off the hook, we thought it might be useful to ask about the dos and don'ts of getting on a recruiter's radar.

There are ways you can make yourself useful that will pay dividends down the line and mistakes that can, well, put you in the doghouse forever.

The CIO operates in a different league than seven years ago, when IT was at the epicenter of the tech bust. "CIOs are more business focused. There isn't a job that IT doesn't touch," says Suzanne Fairlie, president and founder of ProSearch, an IT and financial services search firm in Philadelphia.

Moreover, despite all signposts pointing to a rough road ahead, recruiters remain busy, even as "we're all looking over our shoulders," says Chris Patrick, a consultant in the technology practice at Egon Zehnder International, a retained executive search firm in Dallas. "To be honest, I've lost a few candidates recently, whether it was to counteroffers or because we couldn't move fast enough. Good candidates have multiple options."

Here are some suggestions, from the macro to the minuscule, for managing your career, so that you have multiple options too.

1. BUILD A TRACK RECORD

This speaks to the cardinal rule of recruiters: Build something and they will come. CIOs who are going places stay at a place long enough to deliver, Patrick says.

> Lose the invisibility cloak. All of the headhunters we spoke to stressed the importance of getting on the speaker circuit.

"If you haven't been through a business cycle or two, I don't care how good you are, you can't claim success," he says. A year or 18 months usually doesn't cut it. "You have to be there long enough to live with your decisions, to make adjustments, to fix things you've done

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wrong and do more of the things you've done right.

"You have to look at your career and ask, 'Am I continuing to progress, am I getting broader, bigger and more complex responsibilities, am I building a portfolio of experience that will be valued by the next company, or the company after the next company?" Patrick says. Look for good companies and good leaders from whom you can learn.

And, oh, by the way, nobody is going to do that for you. Says Patrick: "If you sit back and let your career happen, you might get lucky, but I tell you, I wouldn't be comfortable letting good luck and good fortune decide where I end up or what I am able to do."

2. RAISE YOUR VISIBILITY

About two-thirds, maybe even three-quarters, of the people Shawn Banerji ends up contacting for executive searches are already in the company database. Banerji is a consultant with the technology practice at New York-based retained search firm Russell Reynolds Associates. "It's our job to know who is out there." But that leaves a good chunk of people who have slipped under the radar, "for whatever reason," he says, including those who are "working so hard they haven't had time to put their head up."

Lose the invisibility cloak. All of the headhunters we spoke to stressed the importance of getting on the speaker circuit. "When I am doing a search, the first place I go is to the top expert in the field who is talking about this subject," Fairlie says.

She advises that you identify a topic you know about and tell your vendors that you're available to speak at an event.

If you have not given a talk to a big audience before, Fairlie suggests you first get on a panel, which is easier than giving a speech. "People are always hungry to get experts. It is actually easier than you think to be on a panel," she says. Another forum is your local, regional or the national chapter of the Society for Information Management (SIM), an industry association for CIOs. If you are selected as a speaker, prepare, prepare, prepare. Word travels fast on Google if you bomb, Fairlie notes.

Fairlie also recommends having a presence on two websites used by major executive search firms: Rite-Site.com and BlueSteps.com. "They are accessible only by the retained search firm and your name is blind," she says.

3. BE A TRUSTED SOURCE

The covenant of lifetime employment was broken some time ago, Banerji notes, hence the need for a strong professional network, which includes recruiters. "You need to proactively build a relationship with executive recruiters in your space, so you come to mind before others," he says.

Good recruiters have visibility into the marketplace. Over the course of

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a long career, a recruiter can act as trusted advisor. But good relationships are mutually beneficial, Banerji says.

You can make yourself useful, Banerji says, in ways that will repay you many times over. "Let's say you're the CIO of Acme and used to work at GE. I call and say, 'I need to know the best IT person there in terms of Six Sigma process improvement,' and they'll say, 'Call John Smith or Jane Doe and mention my name.' Or, I might say, 'We've got a candidate for a search at GE, but one job prior he was cut loose from Acme. You were there, what do you know about him?'"

And when it comes to your own career, don't fib or fudge, Suzanne Fairlie advises. If you're thinking of leaving but can't really move for the next eight months because you're due to come into a major stock option, you'd better say so. "Be honest," she says. "People who are lying and exaggerating, we don't work with. I have 200,000 people in my database."

4. CONSIDER A LATERAL MOVE

A word to the wise for the up-and-coming CIOs: Ambitious professionals look for the next rung up, the job nobody thought they could do, to prove themselves. But the wise investment might be a lateral move, Patrick says, if there is an opportunity to work with the best. ■

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