

COMPUTERWORLD

October 15, 2001

Co-CIO Approach Debated After Change at Capital One; Credit card company drops shared job, appoints Nasdaq CIO new head of IT

BYLINE: Lucas Mearian

Analysts last week noted that the fledgling co-CIO approach to IT management adopted during the past two years by several companies can be difficult to maintain on a long-term basis.

The success of co-CIO arrangements was thrown into question this month when Capital One Financial Corp. announced that it was hiring **Gregor Bailar** away from his job as CIO at Nasdaq Stock Market Inc. Bailar will take on sole responsibility for Capital One's IT operations, which have been jointly run since early last year by two executives -- one from the IT department and the other from the firm's business side.

A Capital One spokeswoman said the Falls Church, Va.-based credit card company never intended to have its CIO job shared on a permanent basis. Co-CIOs Laura Olle and Marjorie Connelly "stepped up and filled in the position," she said. "We've always been in a search for a [new] CIO."

But Capital One's decision to name co-CIOs in February last year was seen as a groundbreaking move, and the shared job had been touted by Olle and Connelly in interviews and speeches as a sign of the cooperation between the company's IT and business units.

Olle, who previously served as senior vice president of IT systems development, and Connelly, who was executive vice president for domestic card operations, couldn't be reached for comment last week.

Capital One said the two will remain at the company after Bailar starts next month, with Olle working for him in IT and Connelly focusing exclusively on business duties.

Bill Bradway, an analyst at Meridien Research Inc. in Newton, Mass., said all indications are that Olle and Connelly worked well together. But the co-CIO approach has some big flaws, he added.

"You may have two sprinters, but then you put a potato sack around their feet and you slow them down," Bradway said. "You end up with divided loyalties, and too much organizational energy gets expended around politicking."

"I think the issue is agreeing on what to do [as co-CIOs]," said Larry Tabb, an analyst at Needham, Mass.-based TowerGroup. "It becomes very easy, unless you're joined at the hip, to play one against the other."

Other companies that have named co-CIOs include The Goldman Sachs Group Inc. and Ameritrade Holding Corp. New York-based Goldman Sachs gave CIO Leslie Tortora and e-commerce manager Steven Mnuchin shared IT responsibilities in February. Omaha-based Ameritrade appointed two IT executives as co-CIOs in June after Jim Ditmore resigned as head of technology operations.

Goldman Sachs declined a request for comment from its co-CIOs last week, but Ameritrade said the dual position it set up is permanent and operating successfully. In an e-mail interview,

Ray Dury, one of Ameritrade's co-CIOs, said the shared job requires trust, a strong commitment to working as a team and clearly defined corporate goals. "And it must be the right two people," he added.

But IT departments need to be rated against a single set of objectives, "and that's more difficult to do with two people sharing the top post," Tabb said. "The buck has to stop at someone's desk."