

PREFACE

40 Years of Hard Road ***Lessons Learned, Lessons Shared***

My journey started in 1966 when IBM hired me to become a systems engineer. I had never seen a computer before and did not know what a systems engineer did. However, the job paid well and sounded more important than selling IBM typewriters. It has turned out to be a wonderful journey for me. At the time, who would have conceived of Google, or buying books on Amazon and songs on iTunes, or even ATMs instead of bank tellers? All of these technologies were created and matured during the course of my 40-year career.

What has not matured during that same explosive period is the management framework that would enable the efficient application of these rich technologies within large enterprises. Every decade, more enterprises are assimilating information technology (IT), business processes, and human assets into a more-modern model. But the potential of IT still far exceeds the ability of most organizations, industries, and governments to harness it.

I was fortunate that, after building a strong knowledge base and competence for 15 years at IBM, I became the head of IT at Frito-Lay, a division of PepsiCo. It was there that my team and I had a very successful early implementation of a business transformation using mobile technology for the frontline sales force—tying it to all of Frito-Lay’s backend manufacturing, distribution, purchasing, and financial systems. The management framework that I describe in this book had its origin at Frito-Lay during the 1980s. It is extremely simple and easy to understand.

After over a decade, I left Frito-Lay and PepsiCo—not out of boredom or frustration, the usual reasons for moving on, but out of a spirit of adventure and experimentation. I really wondered if the awards we had won at Frito-Lay from the Smithsonian Institute and Carnegie Mellon University were lucky, one-time events or indicative of a broader concept. I wanted to see if I could apply my management framework in another company and industry—with an entirely different executive team and IT organization—and achieve similar results. I was confident, but not sure, that I could replicate another large-scale transformation.

In 1992, I started The Feld Group along with two of my leaders from Frito-Lay, Monte Jones and Pat Steele. The business idea was not to consult with IT organizations, but to be hired by CEOs to run their IT groups under contract. The first Feld Group client was Jerry Grinstein at the Burlington Northern Railroad. Since we had no rail industry experience, we went to the CSX Railroad and recruited our first team, which became known as the “Jacksonville 5” since that was where they all lived. Stan Alexander became our CTO and Keith Halbert led the customer support systems. The rest we recruited directly into Burlington Northern.

As you will read later in this book, we made great progress and further proved that having this framework allowed us to measure our progress, correct course where necessary, and most important, communicate complex issues in simple ways—both internally within the IT department and externally with the business leadership, customers, board of directors, and Wall Street.

In 1994, I got a call from Mike Jordan, my former boss at Frito-Lay, who had retired from PepsiCo and was now Chairman and CEO of Westinghouse in Pittsburgh. Since Mike and I had worked together along with his CFO, Fred Reynolds, and his Chief Personnel Officer, Dave Zelman—all formerly at PepsiCo—he wanted to hire The Feld Group.

The problem was my full-time involvement at Burlington Northern. However, I was so confident in our approach—one that was getting richer by the year—that I offered to hire and train a Feld Group team for him and oversee the work. To fill that gap we hired two young IBMers, Mike Koehler and Bruce Graham, and dispatched them to Pittsburgh with Monte Jones forming our second team.

It was really exciting for me to watch as the framework was extended and enriched beyond me. That team spent the next couple of years helping to transform a struggling Westinghouse into a vibrant CBS media company through restructuring, asset sales, acquisitions, and consolidation.

From there we began to add more teams and solidify the management system with companies like WellPoint, Coca-Cola, Delta Air Lines, Kemper Insurance, Coors, Southwest Airlines, Payless Shoes, The Home Depot, First Data Resources, and many others. In some, we ran the full operating model, and in others—like FedEx—we provided a structured consulting engagement. We operated The Feld Group for twelve years (1992–2004). During those twelve years we successfully solidified our framework, proved that it was repeatable, and significantly improved the odds of success for big IT-enabled business transformations. More important, it was no longer

about only me being able to be successful. The Feld Group had become a company full of successful IT leaders building on each other's successes and sharing a common way of leading IT. EDS acquired us in 2004—not for our consulting business, but for our 50-person leadership team.

In 2008, Hewlett Packard bought EDS, and I took my retirement. Over the last year, I have rekindled my passion for this young profession that has brought me so much. I am now focused on moving this approach to managing this critical capability into its next phase. By making this framework available beyond just myself and my former Feld Group colleagues, I hope that it can be adopted by many otherwise competent business and IT executives and used to advance their 21st century agendas.

This approach, more than anything else, can begin to demystify information technology and eliminate it as a blind spot or stumbling block for business leaders. I would consider it a great legacy and contribution to the profession if just a few organizations gain new insight by embracing the framework in this book.

INTRODUCTION

A blind spot can be described as a subject that is obscure or unintelligible to otherwise sharp and intelligent people. Information technology (IT), unfortunately, is that kind of subject to many business leaders. I say “unfortunately” because IT can either enable or disable an enterprise to sustain vibrancy and success in the 21st century.

This is becoming more apparent every year, particularly to those successful, large, 20th century enterprises in which IT has become an expensive inhibitor of the speed and agility required for competing in a global, supply-chain-driven, customer-centric economy.

An Introduction to the Framework

This book describes a framework that I have developed and improved over the last 30 years with a variety of organizations, including Frito-Lay, Burlington Northern Santa Fe, Delta Air Lines, Home Depot, and Southwest Airlines. This framework (diagrammed in Figure 1, and discussed in detail in Chapter 2) consists of four planks that form a platform for change and five phases that pace the execution over several years. Together they create a journey. The beauty of this framework is that it demystifies technology to the non-experts among us, is simple, and—like most principle-based approaches—is durable through the eras and across industries.

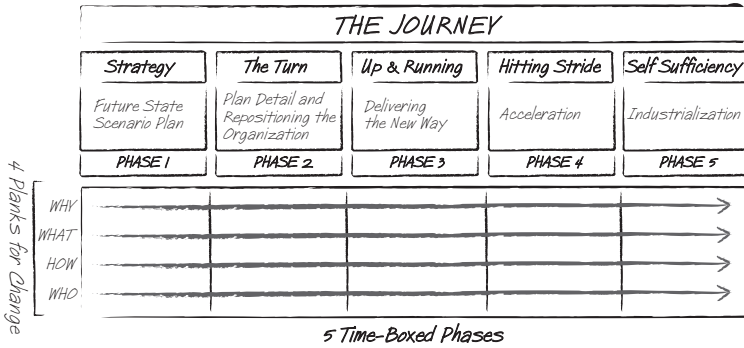


Figure 1

I positioned The Feld Group as an IT leadership, turnaround firm. We would come into an organization and do a 90-day strategy development around the four WHY, WHAT, HOW, and WHO planks for change:

- WHY (Why do anything?)
- WHAT (What will we do?)
- HOW (How will we do it?)
- WHO (Who will lead and manage the change?)

If the strategy was compelling and the executive team was willing to make the required changes, then we would contract to actually run the IT organization for two years. I would join the executive team under contract, and not as an employee.

As part of the first 90 days, we would articulate a future state plan and assess the skills, structures, and leadership abilities within the technology group. We would then fill the top-25 IT-leadership positions with as many of the existing players as possible and bring the rest in—either from The Feld Group or by recruiting directly into our client’s enterprise. We would proceed during the first year in a very structured way from the Strategy, to The Turn, to Up and Running in 90-day increments. By the

second year we would be Hitting Stride while delivering real change and value to the organization. At the end of the second year, we would find our replacements and transition out. The goal was to leave the organization stronger and Self-Sufficient.

I will turn to this framework throughout the book, so consider bookmarking Figure 1 for quick reference.

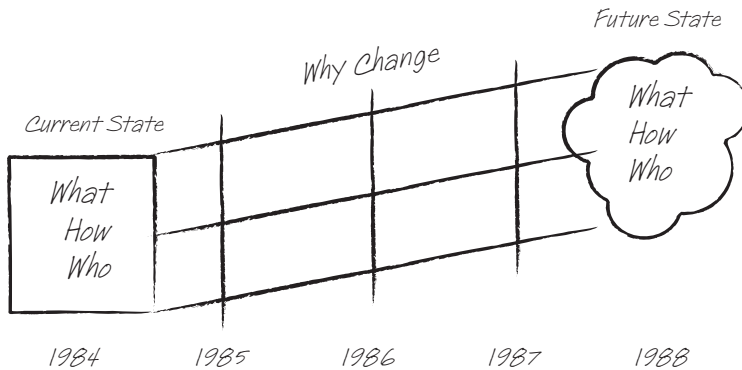
Although the complete journey to business transformation requires both the four planks for change and the five time-boxed phases, this book is specifically focused on what the executive team needs to do to develop a change agenda: creating the four planks for change. The book defines and describes the principles and mechanisms that give the WHY, the WHAT, and the HOW motion and meaning for your enterprise. However, real results and execution will always boil down to the people and the leadership culture. That is the WHO.

The focus is on business leadership and creating a dialogue with the IT organization. If you get the right leadership team in place, hire the right people, pick the right partners, and manage to a consistent framework, then this systems capability can quickly be turned from a liability to an asset in any organization.

The backbone of this book is the story of my own experience developing and then applying the framework when I was CIO at Frito-Lay during the 1980s. In a series of chapters that serve as brief introductions to the framework, I show how we moved through the WHY, WHAT, HOW, and WHO at Frito-Lay as we first realized the need to change, and then developed and implemented a revolutionary IT-enabled solution for our sales team that transformed the company—and the industry.

I'll also use Frito-Lay to describe the journey from our then-current-state business/IT model in 1984 to our future state in 1988. This journey required us to make massive changes throughout the organization while running a high-transaction, multi-billion-dollar business.¹

Frito-Lay Journey



To reinforce the components of the framework, I'll use examples of specific corporations we worked with that have made significant transformational progress to a more-modern 21st-century enterprise. Some are very far along, while others have just recently begun. Each has followed this framework and all have developed an excellent dialogue between the business and IT leadership.

I'll use Home Depot to illustrate WHY organizations hit a point where their old and successful model needs to change.

Burlington Northern Santa Fe Railroad is a good example of the WHAT. I will consider what we set out to achieve in their business architecture, why was it compelling, how was it articulated to the business leaders and the board of directors, and what role IT played in enabling the business model.

¹Harvard Business School Case Study Frito-Lay Inc.: A Strategic Transition (Consolidated) July, 1993

Southwest Airlines will be my core example of the HOW. I'll explore how to implement modern design and technologies, how projects and programs need to be managed, the connective tissue between the business architecture, the applications architecture and the technical architecture, and how technology choices are made and adhered to in an ever-changing landscape. In short, the principles of world-class IT execution that non-IT leaders can comprehend.

I will return to Frito-Lay and PepsiCo to describe the WHO. The leadership and organizational component of the framework is, I believe, the foundation for success. Putting the right people in the right structure—whether insourced or outsourced—is the key to execution of the WHAT and the HOW. High-performance teams and collaboration within the IT organization and between IT and their business partners is critical. In addition, the role of the executive committee in governance, business accountability and decision rights, and corporate culture are all ingredients in successful and sustainable execution.

I did not write this book nor design this framework to convince anyone to invest in IT. Instead, I wrote this book to improve your odds of success and reduce risk once you have decided for yourself that IT matters.

This is, however, where we encounter the dilemma of the blind spot. Most senior leaders have learned enough about the workings of their businesses to feel comfortable engaging in a new-product dialogue or a complex financial debate or a major litigation. But few have adequate background to understand and lead wide-scale changes that are technology enabled. They have developed enough of a foundation in most functional areas to

be able to probe, push, form a point of view, and make informed decisions. However, when faced with discussions and decisions in the area of information technology, their eyes quickly glaze over and they hope their IT organizations or consultants get it right. To most executives, IT is a blind spot—a discipline that is confusing and hard to understand.

My belief is that information technology should not be viewed as a complex functional area. It is an integrating discipline that enables the other functions to operate as a seamless, well-run business. Instead of some mysterious black box, IT can be less complex and easier to understand than marketing, operations, finance, sales, and other traditional operational disciplines. This is because it is fundamentally all about the way a business should operate, manifested in information access, workflows, networks, and business rules. And instead of a blind spot, information technology can and should be a highly visible and well-understood part of every business leader's knowledge base.

To be successful in the next decade, executives will be required to develop a reasonable foundation for using systems and technology to transform their organizations—to confidently enter the dialogue, avoid the fads of the moment, and embrace their role in shaping and integrating their corporations' technological initiatives. Modern enterprises will seamlessly integrate technology into the way they do business—and if they have not already begun this journey, they will need to do so as soon as possible. This journey will be a multiyear, pervasive effort that will require executive leadership if it is to be fully successful.

It may seem that there is no good time to make big changes like this. When times are good you can afford the necessary changes,

but the WHY feels weak. That switches 180 degrees when you start having trouble. The impetus to start making big changes in the midst of turbulent times like these may seem counterintuitive. However, right now you have what may constitute a once-in-a-lifetime license to make dramatic change. The economic downturn has created a global referendum for change, and you hold the keys to change in your organization.

Think about WHAT is now possible.

You may have a unique opportunity to right-size your workforce and to build a leaner, flatter, and more agile organization; to restructure, reengineer, and rejuvenate your business; to tear out old and inefficient processes, facilities, and ways of doing business; to put in simpler, faster, and less-expensive systems; and to renegotiate contracts with your employees and your suppliers that will dramatically change your cost structure. You might have the opening to sell off underperforming plants and other assets, generating short-term cash while avoiding future drains on your resources. You can consider taking write-offs that you would have never contemplated taking a year or two ago, and get them off your books once and for all. Now you can simplify your business, even if it means making it temporarily smaller—but stronger, more flexible, and more competitive—and you can leverage modern technology to help enable your change agenda.

Ultimately, the goal of this book is to bring an executive team from a major enterprise together around this framework and to help them structure a dialogue about their future and the possibilities that IT can enable. It represents a unique model of like-minded operating people that I have worked with sharing an experience base, rather than suppliers or consultants

advocating point solutions focused more on a particular project or a specific technology. It is built on a foundation of holistic results-oriented leadership, end-to-end management processes, and competitiveness.

After reading this book, not only will you understand how to apply this framework for organizational transformation, you'll understand how to pace the change as you go. With this understanding, you'll be able to reduce the risk of the journey to IT-enabled organizational transformation, while increasing the probability of success. And if there's a time that you cannot afford to fall behind in the transformation of your business, that time is now.