

ONLINE DECEMBER 13, 2010

Helping the CIO Lead

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BY MIKE COOKE AND EDWARD BAKER

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Charles (“Charlie”) Feld began his career in information technology leadership at IBM in 1966, back in the days of the mainframe and whirring tape drives, when IT was separated from the rest of the business by the proverbial glass wall. Since then, he has seen vast changes in both the technology that underpins how businesses operate and in how IT and its relationship with the business are managed. He has contributed greatly to those changes, most notably as CIO of Frito-Lay Inc. in the 1980s, where he pioneered the use of wireless handheld devices that enabled delivery people to constantly update sales figures from the road. Today, he is a leading advocate of the evolution of IT from a provider of services to an enabler of overall strategy, especially when innovative uses of technology can transform the way a business operates.

Following his work at Frito-Lay, Feld developed a general framework for IT-enabled business transformation. This led to his founding of a consultancy called the Feld Group in 1992 (it was subsequently purchased by EDS in 2004, became part of Hewlett-Packard Company in 2008, and is now independent again). That framework, and its related management techniques, has been the basis of his approach ever since, and it forms the basis of his new book, *Blind Spot: A Leader’s Guide to IT-Enabled Business Transformation* (Olive Press, 2010). The Feld Group’s research arm,

called the Center for IT Leadership, has championed a strategic role for IT in business transformation, and the role of the CIO as a leader in that transformation. This view of IT leadership is validated by experience at companies as diverse as BNSF Railway, Southwest Airlines, Delta Air Lines, Coca-Cola, WellPoint, and CBS.

Feld’s ideas have particular resonance today. As computing infrastructure and interface design continue to evolve, it is crucial for IT leaders to find a viable pattern for strong leadership, to build their own leadership capabilities, and ultimately, to ensure that their specialized knowledge is integrated with real-world experience in multiple aspects of the business.

Feld recently sat down with *strategy+business* to discuss a wide-ranging set of topics, including his transformation framework, the proper career path for CIOs, and how to encourage top executives to mentor the leaders of the future.

S+B: What was your purpose in writing *Blind Spot*?

FELD: My goal was to reenergize the dialogue around the strategic role of the chief information officer. I wanted to help CIOs and their counterparts throughout the executive team who are currently working on IT-enabled transformations. And I wanted to continue my contribution to the creation of the next generation of IT leaders. I believe that IT leadership will be one of the

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most exciting and critical corporate roles of the next 20 years.

Companies have tried taking their best technicians and putting *them* in charge of IT. That has worked, but only in some cases. They've also tried taking the best business executives and putting them in charge, and that has been spotty, at best. There is no simple solution. World-class CIOs must excel at the intersection of business and IT. In other words, they must become true renaissance leaders.

Many executives are beginning to develop a passion for this intersection. However, there's no generally accepted framework in business and IT for learning, assessing, and measuring IT results, as there are in professions such as engineering, manufacturing, and finance. The CIO profession is still relatively new, and each individual learns on the job, through trial and error.

At the same time, technology has matured phenomenally over the last 50 years — much more rapidly than other functions. To go from wired boards to the kind of stuff we have now in just 50 years is spectacular. But the framework that businesses now need to harness, leverage, and manage this new type of IT — for communicating its potential, measuring its value, and making sure they get results — has not developed at the same pace at most companies.

Business leaders see Google and iPhones in use in their personal lives. They see really bright consultants, offshore firms, and software engineers developing powerful new tools. But when they go to their offices, they're living with 30-year-old technology. They can't understand why they can't have what they see outside. These same business leaders would certainly understand the investment of time and money required to modernize

their fleet or manufacturing equipment, as well as the benefits of doing so. But there is a lack of understanding about what is required to modernize IT systems. Instead, the CIO often gets berated. That is a common blind spot.

Being closely connected with business strategy is critically important. At Frito-Lay, we developed our own framework for IT-related change projects. It was based on the notion that we had to justify anything we did with IT in terms of the company's overall strategy. We had to specify how we would use it, what it meant for the business, and how we would manage it. This was before people used words like *alignment*.

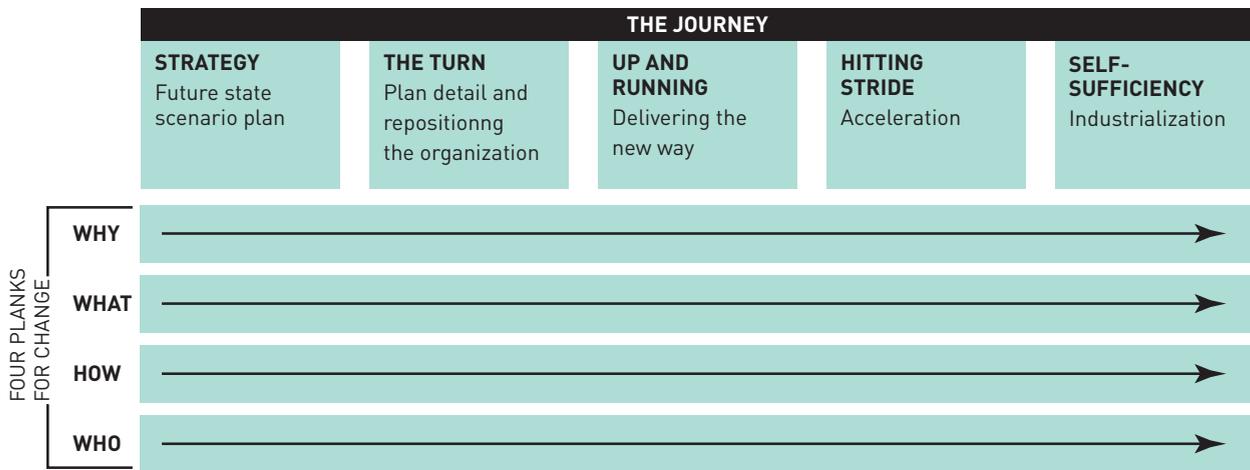
Driving Change through IT

S+B: What did your framework consist of?

FELD: It was built around four basic questions for leaders who are using IT to drive change: Why? (Why do anything?) What? (What will we do?) How? (How will we do it?) and Who? (Who will lead and manage the change?). It took a couple of years to develop the framework at Frito-Lay and several years to execute the transformation. (See Exhibit 1.)

The first stage, strategy, typically lasts about 90 days. You articulate a future-state plan and assess the skills, structures, and leadership abilities within the IT and technology group. You proceed from there in a very structured way, in 90-day increments, to planning the details and repositioning the organization — a stage we called the turn — to getting up and running with the new way of working, to hitting your stride and accelerating the change, and then to industrializing the new approach. The goal is to have the organization's "muscle

Exhibit 1: Charlie Feld's Framework for an IT-based Transformation



Source: Adapted from *Blind Spot: A Leader's Guide to IT-Enabled Business Transformation* (Olive Press, 2010)

memory” rewired in order to accelerate results with consistency over time.

The framework worked great at Frito-Lay. The culture at Frito-Lay was very professional. Everybody in the company, including the executive team, grew up with this kind of discipline, structure, and culture. As new people came in, they learned and embraced it. We accomplished some really good things. But I didn't know if what we had done and how we had done it at Frito-Lay were generally applicable to other businesses.

When I left in 1992 and started my own firm, the Feld Group, I convinced myself that just about any smart business executive at any company would understand the framework. And for the most part, IT people understood the principles. We started sharing this with companies and building teams of four or five highly skilled and experienced people from the Feld Group to help. That proved that the framework was generally applicable if executed and championed by a few strong IT leaders. It was successful, but not very scalable.

My mission now is to convey my experiences, ideas, and framework in a way that's much more scalable. I'd like to do that by enabling current business and IT leaders to think and lead in ways that I've found to be effective and by helping to develop the next generation of business and IT leadership. My focus will be an open source approach — collaborative, open, and focused on enabling others. In other words, the model has IT leaders building and improving the framework, helping each other by expanding the body of learning from our first 40 years.

S+B: Do you see this kind of framework as applicable to any functional business problem, or is it strictly for IT?

FELD: The point is to enable CIOs to make their role wider. They must think of themselves, and be thought of by others in their organization, as a systems leader and an integrator, not just a technology leader. I know this is subtle, but it's a critical difference required for them to help their companies realize the potential that IT could have if they use it well.

Both executive teams and IT organizations themselves have, in many cases, given up on the notion that IT is really important. They're in the Nick Carr camp and believe “IT Doesn't Matter” [the title of Carr's May 2003 *Harvard Business Review* article about the commoditization of computer capabilities], and believe that you can just outsource information technology, forget about it, and it will be fine.

S+B: You're suggesting that as companies outsource their computer systems and lower investments, the distinctive value of IT has diminished. It becomes a utility, just keeping the lights on.

FELD: And unfortunately, this kind of thinking doesn't come to grips with the realities of growth: that a 21st-century business model requires a modern systems model. Customers demand it, operational excellence leverages it, and speed and innovation require it. If your company has been around for 40 years, unless you've been on a transformational journey for both business and IT, your systems evolution will leave you with a level of complexity in your data, interfaces, and plat-

forms that makes IT slow and expensive. Therefore, if you want some new features, the cost and speed-to-market are a disadvantage. There is nothing quick about these systems. And customers hate dealing with your complexity.

The ideas that got us to this state weren't bad. They were the best ideas of their time. You can go through the history of your system, and see why its designers did what they did. That was simply the state of the art in the 1980s and 1990s. Senior executives can be frustrated, but they need to understand the context that got us there.

S+B: How should today's CIO at a Fortune 500 company build a case for transformation now?

FELD: To some extent, it depends on the situation. This framework can be used in a turnaround situation, in a moment of big business change (like a merger or a bankruptcy), or in an effort to take the business and IT to the next level. It's easier for a new CIO, who can say, "Look, let's establish where we are so that we can measure our progress." A CIO who has been there for 10 years probably won't have the same opportunity and will have to make a stronger move.

The first step is to establish a clear view of your current state. What is it about this system that impedes your speed-to-market, desired customer experience, economics, or supply chain leverage? You have to ask and answer the question, Why do anything? To justify the future, you've got to be able to describe the end state you could construct if you were unconstrained. That gives you an answer to the question, "What will we do?" If you have an honest and accurate assessment of the current state, a compelling "why," and a vision for "what" you could build, you can begin to change the dialogue about IT in a matter of months.

In every company I've seen, people have been willing to spend money. But they're not always spending it right. If somebody wrote you a check for \$1 billion, you still couldn't rip the old system out and replace it all at once. Even if you're implementing a big transformational system, you need to do it in phases. So the "how" becomes the next part of the dialogue. In a way, it's like

urban renewal. You've got to connect it back to everything else because you've got to live in the city while you're rebuilding it.

S+B: It sounds like the timing is governed by the business itself — the ability of the business to absorb the change, or the business need.

FELD: Or the affordability. Here is a way to think about an IT transformation. If I outsourced my IT and freed up 20 percent of my spending, I'd reinvest it. I wouldn't just take it off the table. Therefore, unless you have a context — a place to go and an idea of what to reinvest in — within which to have this conversation with the executive committee and the board, you are probably just cutting costs.

However, if you have a multiyear plan, you will get closer to your vision each year. In fact, you'd be amazed at what you can get done in two to four years. From there, you will need to sustain and build on this success. You do this by industrializing the new way of doing things and by periodically reviewing and recalibrating your strategy. This will move you forward, toward a continuous renewal strategy, much as you would experience with your plant and fleet equipment.

S+B: How does a CIO gain the credibility to lead this way?

FELD: First of all, I believe that *chief information officer* is a misleading title. The role is not just about information or technology. It's about systems and integration. You could still call it the "CIO," but the mental model should be "chief *integration* officer." The most important skills are to be a systems thinker and to be able to see the system that is the company.

This is made difficult by the tactical pressure of today's business environment. Projects are in many cases an endless stream of work orders coming from the middle of the organization. You are constantly driven to build functional solutions, which inevitably don't fit together. In an airline, for instance, if you optimize the gate schedules you cause problems in maintenance. If you optimize maintenance, you cause problems in flight ops. Whose job is it, if not the COO's and the CIO's, to make sure the whole system works — for customers,

for employees, and for shareholders? In many cases, fixing the “seams” between functions gives you more value than fixing problems in any individual department.

A good way to think about systems thinking was articulated in Peter Senge’s *The Fifth Discipline: The Art and Practice of the Learning Organization* [Doubleday/Currency, 1990]. When things get complicated, you can learn through analysis — breaking down the problem into digestible components. But, as things get faster and more complex still, you have to learn from dynamics — seeing how the patterns evolve over time. To be a good IT systems person, you’ve got to have experience and an analytical mind, but to be a great IT leader, you’ve also got to be able to see dynamic patterns. Otherwise, you’ll keep building structures and programs that don’t connect to the larger ecosystem of your company: including customers, employees, suppliers, partners, and others.

Career Path for a Visionary CIO

S+B: You’re implying that the CIO needs to be a visionary who can convince people of the value of a bold direction.

FELD: This is a big, exciting, difficult, and critical role, pivotal to the future of large companies. I think about two major groups I’d like to help with this challenge and opportunity — the business and IT leaders who are in place today, and the future generation of leaders for whom the challenges could be even bigger down the road.

If I had a CIO role in a major enterprise today, I’d certainly be reaching out for help and collaboration. No matter how good you have been or think you are, things are changing so rapidly that good executives need to be open to others’ ideas, frameworks, tools, and experiences, and must constantly strive to develop their leaders. This type of 21st-century mind-set will help them in their jobs, help their departments, help their companies, and help the profession of CIOs.

A lot of smart and driven people are in position to take leadership. But again, this is hard, mission-critical stuff. Our profession is still young, and it lacks the necessary framework and truly strategic best practices. I

think we can change that over the next decade.

The bigger challenge, and perhaps the bigger impact over time, lies in the development of the next generation of leaders — both on the business side and in IT leadership roles. We need versatile, multidisciplinary, multicultural leaders who can think strategically about systems and patterns and who can take leadership of an organization and drive execution.

If you’re at a company that doesn’t develop this sort of leader deliberately, you need to foster that effort more deliberately. In most companies, people come into the IT function and stay there for 20 years, as opposed to being moved about and given different experiences and a wider aperture. You’ve got to make investments in future high-potential leaders.

There are only two things you can’t teach people: IQ and a work ethic. People either have them or they don’t. But you can improve people’s contributions by improving their experiences and their perspective. The challenge is to take really bright people who know a lot, who work hard and are frustrated, and open them up to new experiences. Things look different from different angles.

If you want to get people to understand the business of a railroad, put them in the yards. Not as a management trainee; let them go work in the yard. If you’re at Home Depot, let your high-potential people work in the store for a couple of years. Make investments in them. If you have a really good young business leader in the planning department, put him or her in IT to learn the technology. Think of the role of IT and the development of your people as a whole system. Culture, performance, and leadership are all interwoven.

S+B: Can you illustrate this idea of talent development within an IT context?

FELD: Sure. If somebody is a mainframe information management systems developer working on the distribution system for 20 years, he or she is not going to have a broad enough perspective to be an IT leader. If you want to improve the capabilities of such people, you’ve got to give them more and different experiences. You have to plan their career cycle — what you assign

them to and how you control their movement — particularly if they're high performers with high potential. If they've been working on operational systems for two years, they need to work on customer systems next.

Tom Nealon, now the CIO of JCPenney, used to be the CIO of Southwest Airlines. Before that, he was the CIO at Frito-Lay. When he joined Frito-Lay out of college, he spent a couple of years in computer operations, then four or five in systems development, and a couple of years in systems engineering. Then Tom moved out of IT on a round trip to the financial planning department for two years. Within 10 years, he had developed into a well-rounded leader who had seen the business from different places. He'd been a user, so now he knew why IT frustrates people. He'd been in operations, so he knew what a poorly designed system looks like, and what to do when you get a call in the middle of the night and there's no documentation. It made him better at everything. At 32 years old, Tom was ready to become a vice president. By his mid-30s, he was Frito's CIO.

If you're in an organization where talent management, performance management, recruiting, and project staffing are all integrated into a vibrant workforce management system, you can have a great career progression without moving from one company to another.

To make this work, you've got to have a culture in which team leaders are willing to let people go and are proud of the fact that the next technical leader or vice president may emerge from their part of the company. In addition, you have to back that up with muscle. If you, as a business leader, try to take someone from a team to get this broader experience, and the team leader says, "You can't have them. I don't have a replacement for them," you have to be able to say, "OK, you've got another six months. But after that, this person's moving." It should be a badge of honor for an executive to have developed a lot of people around the company.

You also need a model for high-performing technical specialists who love what they do as part of a team. Not everyone wants to be the CIO. Great teams are the source of great execution and innovation. You need a culture in which people feel that what's most important

is whether the company wins or loses. Most people want to do well because of their peer relationships, not because of their bonuses. If you're a database or a security specialist and you've got application teams depending on you, you don't want to let them down. That's a cultural thing.

S+B: Are you suggesting that individual incentives don't work?

FELD: They are part of it, but not the main factor. You also need team-oriented incentives. Companies should base a large percentage of senior leaders' performance reviews on how they lead, manage, and develop people. You sometimes have to base half their bonus on these factors at the beginning, to get their attention. They still get a pay increase if they deliver their projects. But, if you're an executive, and the company has to keep looking outside for new people because you haven't developed your team, then why should you get a bonus? For sure, you're expected to get your projects done. But what assets did you leave behind?

S+B: In summary, what is your outlook for the IT profession? You have a lot of knowledge and optimism. But we all know CIOs face big challenges today and going forward.

FELD: The reason I am optimistic about the future of the contribution of CIOs and IT in general in the 21st century is that successful businesses and governments will require modern IT systems and technology. Therefore, the demand for business and IT leadership is becoming critical. I also believe that the supply of highly talented, energetic young people will continue to increase. People who have grown up in an always-on world will have a passion to be the builders of the future. The need is to leverage the knowledge gained during the first 40 years of this young profession and help accelerate their experiences. My personal goal is to contribute in any way I can. +

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is published by PwC Strategy& Inc.
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