

# Chapter 1

## Vision and Organization

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## **Executive Summary**

Defining the vision is the essential first step in any successful transformation plan. As CIO, you should be able to describe the vision and convey its critical importance to the organization in as few words as possible. The next key step is building or restructuring an effective IT leadership team that will support your transformational efforts—and watch your back.

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## Bringing the Vision to Life

In this chapter, we look primarily at three successful transformation scenarios to get a better idea of why it's critical to define a vision—clearly and unambiguously—before moving forward. After defining the vision, the next logical step is building the leadership team you'll need to turn the vision into reality.

One of the key takeaways from this chapter is that the transformational vision doesn't have to be overly complex or wildly ambitious—in fact, it helps if the vision is simple, straightforward, and easy to describe in a couple of short sentences.

And the vision doesn't have to emerge full-blown from the mind of the CIO. What counts is that the vision is tethered firmly to a business objective—or to an “end state”—that can be described in terms that everyone understands.

For a decade, Roger Berry served as senior vice president and chief information officer at Walt Disney Parks and Resorts, a division of the Walt Disney Company. The division operates nine theme parks, a cruise line business, and more than 30 major resorts and hotels in locations around the world.

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## VISION AND ORGANIZATION

Roger played a key leadership role in the division's transformation from a very effective but traditionally focused hospitality business into a truly guest-centric organization. He credits Allen "Al" Weiss, the executive who brought him to Disney, with the original vision that guided the transformation.

The vision of a guest-centric organization was initially expressed in 2000 by Al, who was president of Walt Disney World at that time. I'll let Roger tell the story in his own words:

*Al had a vision of transforming the focus of the Disney theme park experience to ensure the brand was in step and aligned with the emerging personalized service trend. At that time, we offered what was pretty much a "one size fits all" experience. Al wanted to change that, but he knew instinctively that he couldn't transform and deliver the vision without the right technology strategy in place.*

The key to making it work technically was creating an incredibly tight alignment of all the various guest-focused core business processes and IT systems. The electronic integration would allow Disney to engage and personalize the guest experience from the first call to the customer contact center to the bus ride back to the airport. It was a tall order, but with great people and strong executive support, Roger's team got it done.

As suggested in the book's introduction, the real hurdles weren't posed by the technology. The hardest obstacles to overcome were cultural. As in many companies, the division had grown accustomed to the traditional role of IT as a

back-office function. A big part of Roger's job was changing the way people looked at IT.

*I determined very quickly that most of the people in the business didn't understand the scale, diversity, and complexity of the technology that was in place at Disney World or what it takes to manage it. More importantly they didn't realize what it would take from the business to achieve the level of integration required to realize the vision. Consequently, IT was taken for granted by some and naturally, the staff in IT felt as though they were underappreciated.*

*We were doing some good things in IT, but we were performing in the traditional mode. The key business areas set the strategy and decided what it needed, came up with a proposed solution and handed it to IT to execute. In some situations they would even pursue the execution themselves.*

*In that model, IT had little strategic influence on the direction of the business and was sometimes handed an almost impossible situation to deliver. Consequently, the view of IT's strategic value was underestimated. If the systems came up on time in the morning and the key reports were out . . . IT was doing a good job. . . .*

Roger knew that he had to correct these misperceptions if IT had any chance of enabling the vision.

“The first thing we had to do was help the business understand the role of IT in enabling this transformation,” says Roger. “Then the next thing was making sure the IT organization understood the essential role they would play in the future of the business, and that the business was counting on them.”

## Lesson

The vision doesn't have to emerge full-blown from the mind of the CIO. What counts is that the vision is tethered firmly to a business objective—or to an “end state”—that can be described in terms that everyone understands.

Roger started out by explaining how the trend toward digital and process convergence, which was still a relatively new concept at the time, was opening opportunities for technology to advance process speed and efficiency across the business. Further, it required IT influence to expand beyond the “back office” and out onto the front lines of guest service. In other words, IT had to be a key player in the strategy and how it was to be designed and implemented.

Roger also knew that he would need an emotional appeal to “win the hearts and minds” of the 600 people working in the division's IT organization.

In a brainstorming session with his IT executive team focused on cast communication, a slide was put up of Mickey Mouse holding the hand of a small child walking blissfully down Main Street at the Magic Kingdom.

*I pointed to the slide and said, “That connection between Mickey and a child is the essence of our business. That is the magic and the magical memory the child and the family will carry with them forever, in their minds, their hearts and in their photo albums. . . .”*

*Finally, after a couple of hours of brainstorming, one member of the IT team said, “We may not make the magic but we play an essential role in making that magical connection happen!” That was the emotional connection we were searching for!*

*We then came up with the tagline for IT: “We don’t make the magic . . . we make Magical Connections.” We then revised it to “IT . . . Making Magical Connections.”*

Roger and his executive team then set out to build a brand identity for IT. They designed an IT logo depicting an image of the world adorned with Mickey’s distinctive ears. The design is set against Mickey’s official colors—red, black, and yellow—and appears to be breaking out of the background. The purpose of the design was to emphasize the relationship between IT and the core business, and to show that IT was thinking “outside the box” to deliver innovative services.

The IT logo was eventually printed on signs, placards, and T-shirts. Being part of Disney, they even put the logo on a pin, which is now considered a collector’s item. These items were then awarded to the IT cast for recognition of a job well done and to continually reinforce the critical role they play in the business . . . every day!

The new logo was officially introduced at a “brand launch” for IT. The event was held in the largest ballroom at Disney’s ultra-modern Contemporary Resort near the Magic Kingdom in Orlando. Roger recalls the moment when the new logo was unveiled:

*The impact was powerful and immediate. I have to tell you, it was instant alignment. When people saw it, they made the*

## Lesson

Find simple images or simple phrases that will help you generate the emotional tidal waves you will need to overcome the natural tendency of people to stick with the status quo.

*connection and they understood the new role of IT. And they understood why we were focusing on methodology, best practices, and standards. Everything began falling into place because of that single step.*

There's a great lesson here. When you're trying to get the ball rolling, be imaginative. Be positive, be happy, and be courageous. Find simple images or simple phrases that will help you generate the emotional tidal waves you will need to overcome the natural tendency of people to stick with the status quo.

For the IT organization at Disney, the IT logo was like Dumbo's magic feather—it helped them clear a cultural hurdle so they could move ahead with the real work that lay ahead.

## One Transformation Leads to Another

The transformation strategy launched by Roger and his team back in 2000 moved ahead steadily for more than 10 years. Each time the IT organization launched a new technology or achieved a tighter integration with the business, a new opportunity for improving the guest experience surfaced.

“Once we had established the emotional connection between the guest experience and IT, we spun it out from

there,” says Roger. “We realized there were lots of magical moments involving IT, everything from booking a room over the Internet to scheduling a meal with Cinderella. So we kept at it. One of the things I love about Disney is that we won’t quit on a great idea, even if it takes years to make it work.”

I think that one of the best examples of how a transformational strategy can deliver a continuous stream of tangible business benefits can be seen in Disney’s Magical Express Service, which is a free service that provides transportation for guests—and their luggage—from Orlando International Airport to the various Disney-managed resorts at Walt Disney World. Maybe it doesn’t sound like a big deal, but here’s what makes it really cool: When you get off your airplane, you go right to an air-conditioned coach bus that brings you to your resort. You don’t have to worry about your luggage, because it’s taken off the plane and delivered right to your hotel room.

If you’ve ever traveled anywhere with young kids, you can imagine how great it is to walk into your hotel room and find your luggage already there waiting for you!

And if you’re an IT person, you can also imagine just how difficult it can be to integrate and manage all the internal and external IT-dependent processes required to get the guests and their luggage to their proper destinations.

Here’s the best part: When you leave the resort, all of these processes run in reverse. Your luggage is whisked to the airport and placed on your airplane. You don’t have to lift it, drag it, or worry about it until you get to your home airport. Now that’s my kind of magic, and clearly a “magical connection!”

Needless to say, it could not be accomplished without an extremely close alignment of IT and all the various guest services required for transporting thousands of people and their possessions across miles of Florida landscape. *Making Magical Connections* is a terrific example of how an IT team with great leadership delivers on its promise to the business *and* to the business's customers.

## Going Global

Ramón Baez is the vice president of Information Technology Services and chief information officer at Kimberly-Clark Corporation, the home to some of the world's most trusted and recognized brands including Kleenex<sup>®</sup>, Scott<sup>®</sup>, HUGGIES<sup>®</sup>, Pull-Ups<sup>®</sup>, Depend<sup>®</sup>, and Kotex<sup>®</sup>. Headquartered in Dallas, with nearly 56,000 employees worldwide and operations in 35 countries, Kimberly-Clark posts sales of nearly \$20 billion annually. The company's brands are sold in more than 150 countries, making it a truly global enterprise.

When Ramón joined the company in 2007, he knew that one of his first tasks would be preparing the IT organization for the excruciating demands and evolving complexities of the global economy.

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As it turned out, preparing the organization for its global responsibilities took on the dimensions of a transformational project. Ramón quickly realized that he had two immediate challenges to confront.

The first challenge was putting an effective IT leadership team in place. Here's the way Ramón saw things:

*We needed to do things that we had never done before in areas such as business analytics, cloud computing, outsourcing, collaboration, you name it. So we needed a real leadership team that could motivate the rest of the IT organization. It couldn't just be me—there was far too much that we needed to get done in a brief period of time.*

The second challenge was convincing the business units that the IT organization would function as a trusted and indispensable strategic partner, through thick and thin.

*When I arrived, I saw that a big chunk of IT had been outsourced. That was a sure indication that the company did not see IT as a strategic partner. It told me that we needed to win back the trust and the confidence of the business leaders.*

It turned out that Ramón's instincts enabled him to guide the IT organization in exactly the right direction. The following years, 2008 and 2009, were disastrous for most companies. Kimberly-Clark was one of the few exceptions. Thanks in part to the groundwork laid by Ramón and his team, the company had its best year in 2009, posting \$19.1 billion in global sales.

Let's take a closer look at how Ramón was able to begin transforming the IT organization and how he kept the transformational processes on track.

It started with the vision. "When you're up in front of an organization, you need a clear view of where you want to go and you must be able to explain it to people very clearly," says Ramón. "And you can't just talk about the organization—you have to explain to people how this vision will affect them and why it's important for them to be a part of it. Because everyone is wondering, 'what's in it for me?' That's just human nature."

Ramón's vision was an IT organization that partners closely with the business units to generate more sales and greater profits for the company. "More growth translates into a better future for the people in IT and for their families," says Ramón. "As a leader, you have to convey the idea of a brighter future. That doesn't mean you should be overly optimistic, but you must be positive. You have to get people excited and inspired."

He also had to address the issue of how the IT organization was perceived by the rest of the company.

*Gartner and Forrester said we were great. The big vendors said we were a model shop. We got a lot of accolades, and we deserved them.*

*I remember sitting with 14 or 15 of our top IT leaders in a meeting back in 2007. Some of them asked me why the business didn't appreciate IT.*

*I told them that the company's business leaders didn't view us as value creators. And that was the reason why so much of our work had been outsourced.*

*Well, it was pretty devastating for them to hear that. It was a tough moment. But we had to get through the denial phase and learn to accept reality. It took us a couple of months, to be perfectly honest. Some people told me it was like a catharsis. Someone who had been with the company 25 years told me that it was a life-changing experience.*

*But it made everyone think about how we really needed to become a leadership team—not just for the sake of the IT organization, but for the whole company.*

## **Building the Leadership Team**

Ramón knew that one of his top priorities was building the executive team that would lead the transformation. But the process wasn't easy or quick.

*First you really have to think hard about what you're planning to accomplish over the next three or four years. Then you read through the background files of the people already on the team. Then you sit down and meet with them individually. Some people will come across as very confident and very capable. Usually, those are the people you want to keep. With others, you can tell they've reached their level of incompetence—remember the Peter Principle? Those are the people you don't want to bring with you into the battle.*

*It's harder to decide about the people who fall in the middle. Those are the people you have to spend the most amount of time thinking about. Do they have the right strengths to help you? Will their weaknesses impede your efforts? Can they be coached? Can they improve?*

In some instances, Ramón had to look outside the organization for the right person. For example, the IT organization already had an excellent infrastructure team. "They were

probably the best I'd ever seen. I was very, very impressed," he recalls. "But they didn't have any experience outside the company. While there was nothing *wrong* with that, I knew that we needed someone with global experience because we were a global organization."

But the right person also had to be a deeply experienced leader who would command the respect of the infrastructure team and serve as a mentor.

"I wanted someone who would help the people on the team move up to the next level, someone who would teach them the skills they needed to become mature leaders," says Ramón. "So I waited. And I waited. People started getting angry with me and told me I should just pick someone. I started to get frustrated, and I came close to settling. But eventually I got the resume I had been looking for. It took me eight months to find exactly the right person, but it was worth it."

But having a leadership team *in place* doesn't automatically translate into success. You also need to train and develop the people that you've chosen to serve as the leaders of the organization.

"After we had our leaders in place, we helped them improve their leadership skills," explains Ramón. "We coached them to become better communicators. We taught them how to interact more effectively with all the different personalities you find in a big corporation. We prepared them for their roles as inspirational leaders. We did a lot of role playing—which was both useful and enjoyable!"

## Lesson

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In addition to acquiring some new players, Ramón also restructured the leadership team. When he joined the company, he had 15 direct reports. "I had so many direct reports that I couldn't make enough time for all of them. As a result, they weren't getting the attention from me that they needed," he recalls.

He eventually reduced his direct reports to a more manageable size. "Now I have seven direct reports. Five are what we call 'delivery engines' and two are responsible for the business relationships," says Ramón.

Here's a simplified version of his org chart:

### Simplified Org Chart

CIO	IT Infrastructure
	IT Applications Solutions
	Enterprise Business Intelligence
	Program Management
	Strategy, Technology, and Architecture
	IT Business Partner (consumer products, finance, innovation, and marketing)
	IT Business Partner (K-C International, K-C Health Care, K-C Professional, Human Resources, and Legal)

Obviously, there are many different ways in which you can structure an executive leadership team. In *The Practical CIO*, José Carlos Eiras recommends creating an “IT Board” that serves as the CIO’s cabinet or inner circle of advisors. Eiras relied on this type of executive team structure to help him guide major transformational projects while he was the global CIO at General Motors Europe (see the following chart).

### The IT Board

IT	Business IT	IT Support
Operations Planning, Strategy, PMO, Contracts Architecture and Standards (Application and Infrastructure)	Sales and Marketing Engineering (Product Development) Manufacturing Logistics (Supply Chain) Finance and Human Resources	Finance Purchasing  Legal  HR

### Demonstrating Value

Rebuilding and restructuring his leadership team sent an important message to the rest of the IT organization—and to the business leaders in the company. At Kimberly-Clark, however, Ramón knew that he had to do more to change the company’s general perception of IT.

*In the old days, IT would just send someone to work in a business unit and the business leader would have no say in choosing that person. We decided that before placing IT people in the business units, we would ask the business leaders to participate in the selection process. That way, the businesses would have skin in the game and they would know that we were serious about creating value for them.*

*I remember the first time that I sent e-mails to the business presidents and I said, "I have some folks lined up for you to interview." I got e-mails back from the presidents—they couldn't believe it! They said, "You want us to be part of the selection process?" And I said, "Yes, that's how it's supposed to work. That's how we operate." The business presidents were amazed. They found it very refreshing. It was a big step forward for the IT organization.*

Ramón also knew that it was critical to re-establish the credibility of IT as a trusted business partner. "We needed to demonstrate that we could execute on projects on schedule, on time, and on quality," says Ramón. "That last part, 'on quality,' was the most important."

In other words, being a true partner wasn't just a matter of sticking to budgets and meeting deadlines. "The new questions we started asking ourselves were, 'Did this project meet the needs of the business? Did it help the business achieve its objective? Did we deliver value to the business?' Those became the important questions."

For example, when the global economy faltered, all of the company's leaders were told to concentrate on initiatives that would generate cash. These cash generation initiatives focused on three critical areas: working capital, organizational optimization, and global sourcing. The IT organization was involved in all three areas.

"We put together a target that was aspirational, and we exceeded our target," says Ramón. "Here we are, the IT organization, and we're generating cash for the company. The

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business presidents were saying, ‘Wow, you guys are really serious.’ That’s when I knew people were looking at us differently and seeing us as a value creator.”

After listening to Ramón tell this story, I also thought of another lesson that it can teach us: When you have an opportunity to show the world how good you are—take it! I mentioned that to Ramón, and here’s what he told me:

*Absolutely. You take the opportunity and you don’t complain about it. Believe it or not, when they told us we had to focus on cash generation, I heard people in IT complaining. I told them, “Hey, this isn’t about IT, it’s about making sure the company is stronger when we get out of this economic mess.” And that’s just what we did—we worked on making the company stronger. By the time 2009 finally ended, it was our strongest year.*

### **“It’s *More* about the Future”**

Kaiser Permanente HealthConnect<sup>®</sup> is the \$4 billion electronic medical records system rolled out in 2008 by Kaiser Permanente, the nation’s largest not-for-profit health plan.

The system enables Kaiser Permanente’s more than 8.6 million members in nine states to access their medical records, check the results of lab tests, and send secure messages electronically to their caregivers. It enables Kaiser Permanente’s network of 80,000 caregivers to keep track of patients, write prescriptions electronically, schedule appointments, and avoid some of the costly—and occasionally dangerous—medical mistakes that invariably result from relying solely on memory or paper records.

From an IT perspective, KP HealthConnect is a technological *tour de force* that has yet to be replicated anywhere else in the world. But when you’re chatting with Philip Fasano, the CIO of Kaiser Permanente, you remember that behind every great transformation is a great team of executives, employees, and customers. This one is no exception.

“You can’t do it in a vacuum,” says Philip. “As a CIO, you have to substantially understand the key issues of the business that you are a part of. You also have to understand the industry that your business operates in. And you have to understand the larger national or global issues that can affect your business and your industry. You have to understand all of that and see the big picture before you even attempt to articulate a vision.”

Once you have begun to formulate a transformational vision, you must apply a series of reality checks. “It’s extremely important for you to test your perception of the vision by meeting with other executives and business leaders across the company,” says Philip. “Remember, you’re not just developing a vision for the IT organization—you’re developing a vision for the entire enterprise.”

Philip recommends working closely with the CEO, the executive leadership team, business leaders, regional leaders, and customers to develop the broad perspective required for managing a large-scale transformational project.

“Remember, you need to think beyond today and tomorrow. Focus on what you think will be happening over the next 10 to 15 years. Think about the role that IT will play in that larger vision,” says Philip. “It’s more about the future than about today.”

The future also includes the team of executives and managers you will rely on to make it all happen. As time passes, conditions will change. Different talents and abilities will be required. So it’s important to think of the team as a work in progress. “You’ll need people who can knock it out of the park today, but also grow and develop as their roles change and evolve,” says Philip. “The person you hire today might not be the right person five years from now. In today’s world, none of these roles are static.”

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## Maintaining the Momentum

Since transformational projects tend to play out over long timeframes, you will need to inspire, invigorate, and energize the people around you. “When you’re developing a vision, don’t forget about the inspirational component. You’ll need something that will inspire people to keep going, something they’ll understand and internalize. You need to help them make it personal.”

At Kaiser Permanente, part of the inspirational message is built into the company culture, which emphasizes the overarching importance of continuous innovation. “We are a little different in that it’s part of our cultural DNA,” Philip explains. “From our inception as a company, we have focused on technology and innovation. In many other companies, IT and the business aren’t joined together in a lot of places. In our company, IT and the business are joined together right at the top of the organization and throughout all of our partnership groups and leadership groups. IT is part of the business conversation across the organization.”

That makes it easier for Philip and his team to remain positively connected with the various parts of the enterprise. While that shared sense of purpose doesn’t guarantee smooth sailing for every project, it certainly makes it easier to maintain the energy and momentum required to complete a series of critical business transformations.

“Our systems transformation initiative began about six years ago. About a year later, we went to full-scale implementation

across the company. Over the past three years, we've actually improved and accelerated the implementation process to the point where we can manage a hospital implementation in a matter of 30 to 60 days," says Philip. "The industry standard for a full-scale hospital implementation is typically about five years. We've really tried to perfect our approach so we can implement these major changes very rapidly."

Again, Philip attributes the success of his efforts to the broader company culture.

*At its core, our culture is about providing high-quality and affordable care that is preventive, smart, networked, and collaborative. If you think about what that means, we are committed to improving patient outcomes to the point where patients stay healthy and get sick less often. We want to help patients manage illnesses before they occur. That is the goal that inspires us. That is the heart and soul of our IT organization.*

*So with that idea at the core, we think about transformation from the perspective of leveraging clinical data and information technology to achieve the better health outcomes for our patients.*

*That sense of purpose is embedded in our IT organization. We've spent a lot of time developing and communicating that message throughout the IT organization and talking about how we are fully involved and responsible in so many areas of patient care.*

*IT is everywhere—in labs, pharmacies, hospital rooms, clinics, surgical suites—everywhere. Physicians won't perform an operation unless the information system is available. The people in IT know this, and they take responsibility for their role in delivering care to millions of patients. We are extraordinarily*

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*passionate about our role in delivering care and improving medical outcomes.*

Philip says that he doesn’t see an end to the process of transformation at Kaiser Permanente. “The next frontier is predictive care. That’s where we use the information we have to create a new wave of innovation in health care. In the past, most of the great medical discoveries came from the sciences of biology and chemistry. The next series of great discoveries will come from the science of information. We’re just on the cusp of that wave now. It’s very exciting and the potential benefits are enormous—healthier people *and* lower health care costs.”

## **Don’t Be Afraid to Inspire People**

What I really love about these three CIOs is that none of them was afraid to step up and lead. And what thoroughly amazes me is how comfortable they became in their roles as inspirational leaders.

To me, inspirational leaders are a cut above the usual executive. They don’t yell, they don’t scream, they don’t threaten, and they don’t bully.

They project strength, resiliency, and even toughness—but they do it in a calm, confident manner that puts people at ease and inspires them to do their best work.

Somehow, inspirational leaders figure out how to lead others by being great role models. When we think of great inspirational leaders from the past, we usually think of people like George Washington, Thomas Jefferson, and Abraham Lincoln—passionate about their beliefs, cool under fire, and tough as nails. A list of inspirational leaders from recent history would certainly include Mahatma Gandhi, Martin Luther King Jr., Lech Walesa, and the Dalai Lama. Each confronted powerful challenges without losing the sense of inner peace that inspired their followers to keep fighting, no matter how daunting the odds.

Roger Berry told me a story about a conversation he had with his dad many years ago while they were fishing. At the time, Roger was considering leaving his job at Tenneco Gas and going to work for Campbell Soup. He was concerned about how he would fare in a new environment. After a bit of conversation, his dad told him to stop worrying. And he gave him some excellent advice: *Always remember that you're only as good as the people who follow you.*

I interpret his advice to mean that if you have good people following you, helping you, and supporting your efforts, you will probably succeed. Inspirational leaders intuitively grasp this simple fact of life, and they weave it tightly into their leadership style.

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