



**CEC Wrap**  
*CIO Transformation Stories:*  
*IT Leaders Discuss Technology and Business*  
*Transformation*

Key Points from the  
CIO Executive Council Webcast

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When you are CIO, transformation is your steady state. There is no harder task than moving an IT organization from order-takers to order-shapers, and asking a team of technologists, whose toolset undergoes a paradigm shift every 18 months or so, to be operational, strategic, consultative, innovative, customer focused and secure. And, that's just transforming IT.

CIOs and their teams are leading cultural, business process and even business model transformations every day. In this second installment of a series, produced by the [CIO Executive Council](#), **Martha Heller**, executive recruiter and *CIO.com* columnist, talks with four CIOs about their experience leading technology and business transformation.

Featured in this segment of a continuing series on technology and business transformation are **Kathy Kountze-Tatum**, VP & CIO at Eversource Energy; **Clark Golestani**, CIO at Merck & Co; and **Robert Logan**, who was formerly the SVP & CIO and now an IT consultant at Leidos, a global science and technology solutions company. Previously, Logan was also the SVP & CIO at SAIC. Each presented their 'transformation story' that outlined real-world challenges and successes.

The following is a summary of key points made during the Webcast, [CIO Transformation Stories](#), which can be listened to and viewed in its entirety.

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#### **Clark Golestani**, *CIO, Merck & Co.*



The organization brought together two very large companies in 2009, and spent over four years doing very, very heavy integration, not only its infrastructure but also applications. None of the systems in the companies had the opportunity to scale to the combined company, so we ended up having to put in many, many new core systems that could scale.

As Merck approached coming into 2013, the company realized that it was time for the IT organization to drive much more of an innovation agenda since much of that integration work had been done.

#### **Key Transformation Points:**

- Adopted a model from McKinsey called the three-horizon model. First horizon looks at next 18 months, with goal of driving best possible service level at the lowest possible cost. Done not only for infrastructure, but all applications and all maintenance and operations of the applications.
- Second horizon looks at 18 months to 36 months, and this involves driving out greater productivity for the customer facing organizations, and really thinking about how do we drive

up revenue and get revenue uplift with technology. With that, we had a complete reorganization, and we have extremely close alignment of IT with all of our business colleagues.

- This way there's IT leadership, whether it be at a divisional level, a regional level, or even at a country level, that directly fits with the leadership teams of the business and are equal participants in helping enable and drive the business as we go forward. We also increased our focus on analytics. The key here was really to drive out and use the information that we have spent so many years putting in core systems to get the value.
- The last horizon is really looking 36 months out. Here we focused on where IT could be a disruptor, either to our business or even disrupting IT itself by investing in new technology. And with that, we changed the structure of the organization and have now 50% of IT really fitting together in three global hubs around the world that has driven quite a tremendous amount of efficiency.
- Finally, also structured the entire organization as an IT risk management entity that focuses on every aspect of risk, inclusive of cyber security, as well as all aspects of regulatory inspections and regulatory readiness.

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**Martha:** *Does each IT hub have a localized leader? How does that work?*

**Clark Golestani:**

We do. We do have a leader for each of the hubs. With that, except for the one that's really here in the United States that's near to corporate. The other two hubs do have dedicated leaders to them. This allows them to work across the hub, and then have leaderships that's able to coordinate across each of the hubs so that they can work as a global innovation network rather than just as a delivery center. The goal wasn't to set up delivery centers, but truly to build a global innovation network with those three hubs. And having those leaders, I think, is a very key and important aspect of how you do that.

**Martha:** *You talked about the 'three horizons' approach. How do you build an organization that can shift from those three modes of IT, and the perspectives of different people within the organization, as you need them to?*

**Golestani:**

Whenever you go through a transformation, leadership teams need to evolve in order to accomplish that. That being said, the organization, prior to structuring around the model, many leaders had multiple responsibilities, and therefore, they weren't able to do anything really well. And once we went to this model, it really created quite a bit of clarity for what everyone's role was and it really allowed them to drive excellent in that role.

So, what I would say is from a leadership perspective, the model actually allows leaders, I think, to focus and have a propensity to want to do more operations. There are many leaders

that want to do more of the business strategy work, or perhaps really driving the innovative cutting edge.

**Martha:** *In your three horizons approach, you have IT leaders sitting with the business. How do you embed the development of these competencies? Are there formal leadership development programs, or one-on-one coaching? How are you creating an environment where your technology leaders have the soft skills that they need?*

**Golestani:**

I'd like to say that we're experts at it, but we're far from, but we do put a lot of energy into it. In fact, just as a company, we put a tremendous amount into leadership development and training, in general. However, on the IT side, we felt that we've had to really one-up the game, if you will.

We've been rolling out a program that will be called *Language of Leadership*, which is really how do you engage in ensuring that the way that you speak, the way that you listen, you're doing that without filters, and really build from the soft skills of how you engage, not only our business colleagues, but also the VIP colleagues. Because sometimes, the more technical staff may not collaborate and talk about things in the most effective way just because they're more business oriented than the requirement. And that really has gone a very long way.

Something we have also just instituted, which we've increased our focus on pretty dramatically, is around mentoring, where we take seasoned folks in the organization who have a complementary skill set and we pair them up. We're actually spending much more time looking at the ways people match...so that there's chemistry between the mentor and the mentee, and that mentees get specifically what they are looking for out of the mentoring relationship.

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**Kathy Kountze-Tatum, VP & CIO, Eversource Energy**

**EVERSOURCE**

Eversource Energy went through a transformation that started several years ago. It started in 2011, when we were at a point where we wanted to go in and bring our infrastructure and our solutions current and were starting the plans around how to make that happen and what the roadmap will look like. Then, in 2012, we were hit with a merger of the two large organizations that encompassed seven operating companies, and we were told and tasked from our CEO and our executive leadership from the top down that the organization should move to one company.

Typical merger challenges: different systems, very different infrastructure and very different technology environments, two of everything, two supply chains, two HR systems and two ways of doing things, even within just the IT organization – different processes, standards, principles. Also, in the midst of trying to transition from a cost center to a business partner who could add value. So, we were challenged with what kind of IT group we want to be.

### Key Transformation Points:

- We decided we were going strategists and advisers, from a technology perspective, to our business partners on everything that they needed to do and wanted to do over the next several years.
- This involved focusing our internal resources on what was important for the company going forward. And we were able to take away some of the noise that was interrupting our day-to-day work with our business partners, like server outages and things like that, away from our core resources.
- Analogy is very similar to how IT organizations deal with outside partners; we will tap into their areas of expertise to help us achieve our goals. Really was the only way we were going to be successful as an IT organization to stand up those new services and support model.
- Because of so much change that was happening within the company, without us being able to focus on what was critical and core for our business partners, I don't think we would have been successful in helping to transform to this one company vision.

**Martha:** *How did you communicate? You talked a bit about how you shape the IT organization to be consultative, but what kind of communication and change did you have to lead on the business side to make that relationship work?*

### Kountze-Tatum:

I think there's two key things to being successful with this type of model. The first is you really have to have the support from the top. One of the things that has really helped me in making this transformation, not only internally in IT, but in working with business partners, is that we had the support for this model right from the CEO and everyone who reports directly to him that sits around the table with him every week. That is key and critical because it's important for the organization to hear a similar vision and a similar approach from him and from our leaders at that level.

The second piece, quite honestly, is about relationship. I spend more time meeting with folks, having discussions with folks, building relationships with my peers than I do working on technology. I spend many days just reaching out, asking questions, fielding questions, and just building that strong relationship with my peers. And not just from having a lot of communication with them, but helping them to understand what I'm doing, why I'm doing it, where I think we can help. Of course, we have to get to places where we're showing what we're doing, and there's a little bit of marketing there.

**Martha:** *What do you look for in the IT leader who is going to be able to establish that relationship, be that point of accountability, that point of consultation, representing the IT organization to that area of the business, what are the competencies you either look for or develop in that IT leader?*

*Transformational leadership is the most important and most challenging job for the CIO. Transformation itself can be categorized into three buckets:*

1. **Technology Transformation.** The infrastructure can be likened to an iceberg. The tip of contains all of those shiny and new capabilities that are so exciting to the business, and maybe that's 10 - 30% of your budget. What lies beneath is pretty much legacy. It is the job is to transform that whole iceberg into something that has a better percentage of new capabilities and a lower percentage of legacy maintenance investment.
2. **IT Capabilities Transformation.** Consists of moving an IT organization from order takers to order shapers, and asking a team of technologists whose toolset seems to shift every 18 months or so to be strategic, consultative, customer-focused and operational. And, to also care about availability and security.
3. **Business Transformation.** The service end result of the previous two areas. IT has always enabled business transformation, but with every company becoming a technology company in one way or another, technology support that is driving and leading business transformation is something every CIO is working on.

- *Martha Heller*

#### **Kountze-Tatum:**

I talk to my team about how they can "manage" business partners instead of react to the business partners, and I try to get them into a consultant-type mode. I use the analogy of "if you owned your own consultancy firm and your business partner was someone who had called you because they're starting a new initiative or they're struggling with new challenge, then they want your expertise." How would you approach that? How would you engage with that business, that customer so that you get that business?

And I try to use a lot of examples around that and how we even deal with our vendors and talk to them about, you've sat across the table from a good IT vendor and a bad IT vendor, what's the difference? It's a tough transition, especially for folks who have been in that order taking mode.

It's a lot of soft skills, a lot of people skills, a lot of recognizing that you need to change your style depending on who's sitting in front of you. And those soft skills are really, really hard to find and hone.

**Martha:** *Are you better off taking an IT leader who has those soft skills or some semblance of them and developing them, or finding somebody who has grown up, not in IT, but in a business function, and who has an aptitude or interest in IT?*

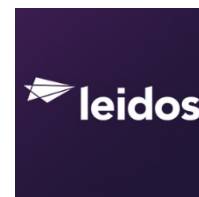
**Kountze-Tatum:**

I like to have a combination of both. We do have a lot of folks who really understand how the business operates. They have a tremendous amount of knowledge about our financials and how our HR area works, how our operations work from a business perspective, which is very difficult to find. And quite frankly, it's great having them on board.

So, I think that you do have to find the ones that you know will get it and surround them with folks who already have it. I think you need a group that has both of those skill sets.

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**Robert Logan, former SVP & CIO, now IT Consultant, Leidos**



Leidos' transformation story started early 2011. The company had about 450 sites and roughly 43,000 employees. We had a data center that was an older data center. We spent one year building a brand-new quality enterprise private cloud in the Texas area and then in June 2012 we moved several hundred applications and capabilities over to that (took about six months.)

We had a brand new data center, all shiny and new and heavily virtualized. But, a couple months later, it was announced the company was splitting in two and were told we had to split IT by Sept. 2014. Because both companies we're going to be publicly traded, they had to pass all of the regulatory requirements. So, the thing we had to do is we had to clone all of the systems architecture and the data.

**Key Transformation Points:**

- We realized that we were going to have to somehow provide an environment where we had great confidence we could still run the company, and at some point cut over and do some things very rapidly to make sure that both companies had what they needed to operate. So, this became a major part of our effort.
- Strategy included simulating and practicing with *fit-for-purpose* scripts. We practiced this over and over again by looking at how we would shape the data so that each company got its right share of employees, contracts, and everything else. At the end, we could have both companies be operational on the first day with their right set of information.
- So that fit-for-purpose process in creating those scripts that took a total of four months. It was endless in terms of the detail.

- One of the reasons we had even a slight opportunity at being successful was because of the relationships that we had built up with those functional leaders and stakeholders. We had a chance to work with them closely. And they understood their applications and how they behaved much better after they had completed that migration.
- When we finally got to that point of actually doing it, we actually set up four unique command centers. We had 200 people that operated 24/7 for two weeks at a time. We had 4000
- integrated tasks that we did. And we basically had to test everything, and it was almost like the patient was on the table. It's like a heart transplant, you turn it off and you just hope that the paddles and everything, that they revive the patient.

**Martha:** *Whenever you're presented with a major leadership initiative like this, you seems to emerge a leader that's better at decision-making, better at focusing the team, better at bringing the team together - because there's no time for dissension, there's no time for second-guessing. You've just got to move. My questions is, what did you learn about leadership from this experience?*

**Logan:**

One of the things we learned is that, and one of the takeaways is, I call it the Apollo 13 effect. It's the idea that you work with what you got, time is not your friend, and everybody is focused on the same thing. And so, the biggest lesson that we learned, because there was no slipping to the right, everyone in the whole company was on a common goal, and innovation became what I call the common virtue, because we were just looking for everybody's ideas because it was very hard.

One of the roles of leadership, I think, is to create, not that its artificial, but to create that sense of, I don't know if it's urgency or focus. I don't know what the right word is. But to create that so that the team realizes that the importance of what they're doing demands their utmost attention.

**Martha:** *One of the critical conditions for the success of your project was the relationships between the core group and functional leaders, and if that weren't in place, it would've been a much tougher way to go. Why did it work so well? Why were those relationships so strong that they enabled this massive infrastructure program to be successful?*

**Logan:**

In our case, or what made it work wasn't just simply a skill set, but maybe it was the enormity of the task. When people are brought together with such a large common goal, sometimes they're so focused on the goal they forget the fact that that's an HR person. They just know it's somebody helping them. Or they forget that that's an IT person, they just know that they need that person's help. So I think one of the things that we saw was that we tend to focus a lot on kind of relationship management.

One of the lessons we're trying to bring in is this idea of having common strong goals, where the partnership is innately formed because we are all on the same team working to a same goal. We're trying to focus on this intimacy with understanding the goals. Where does that business



unit want to go? Because we certainly get calls at the service desk, and we certainly are aware of the tactical day-to-day things, but the idea of sharing that goal and becoming attuned to it. And then what we're finding is the more we learn about that goal, then what we're trying to do is we're trying shape our engagement with that with the right team.

So I guess that's kind of what we're trying to do is in that process: become better listeners, become more attuned to what the goals are, and then get close to them so that we tend to be focusing more on talking about the goal and not about each other.

The [CIO Executive Council](#), an IDG Brand and a business unit of IDG Communications, was founded to serve the evolving, challenging and demanding role of the Chief Information Officer (CIO). Now in its eleventh year, the CEC has expanded its highly regarded leadership services beyond the realm of the CIO to include professional advisory services for any executive charged with strategic technology leadership.