



online information 2002

Managing Information, People and IT to Drive Business Performance

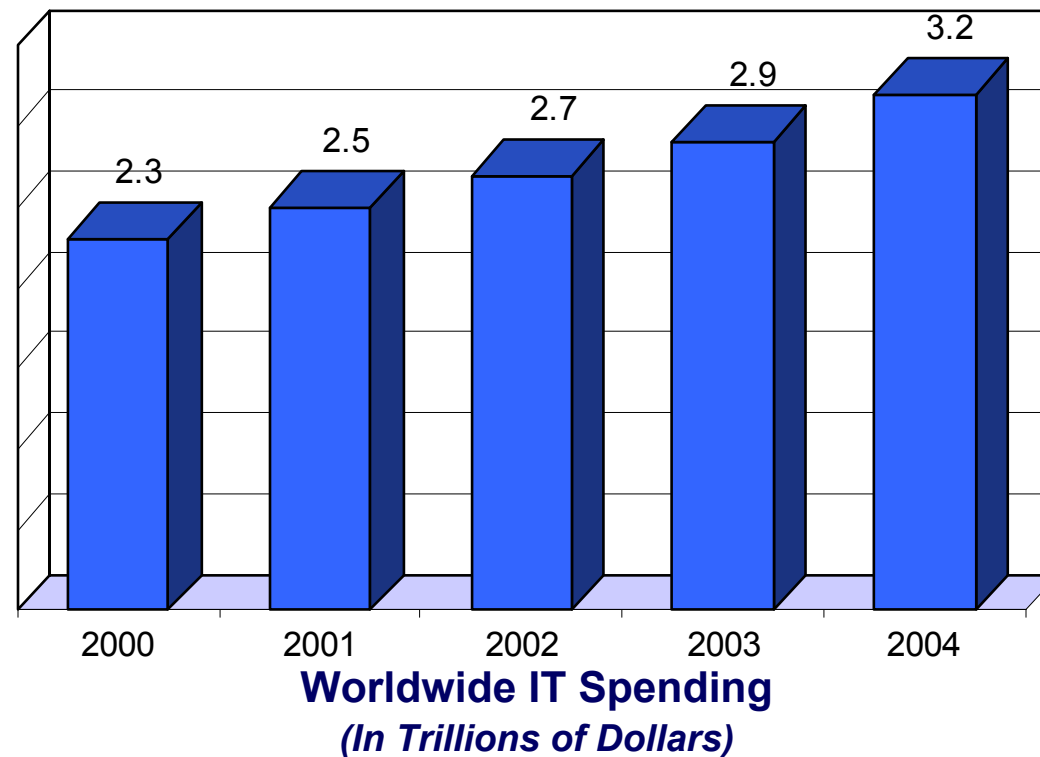
Presented by Dr. Donald A. Marchand
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and,
Chairman & President, enterpriseIQ
Lausanne, Switzerland



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PROVEN BUSINESS ANALYTICS

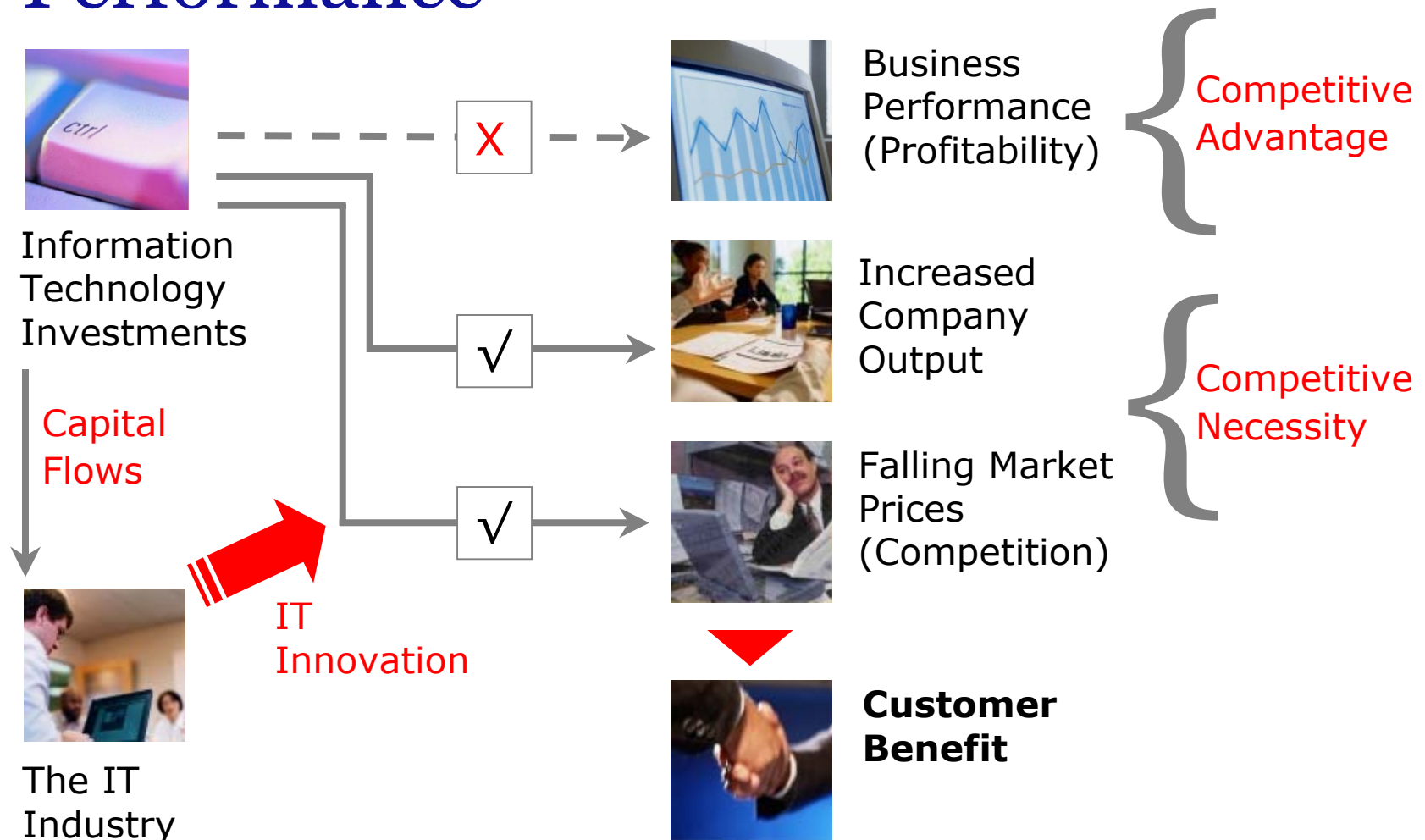
The Elusive Value of IT

“The Information Technology (IT) Paradox”



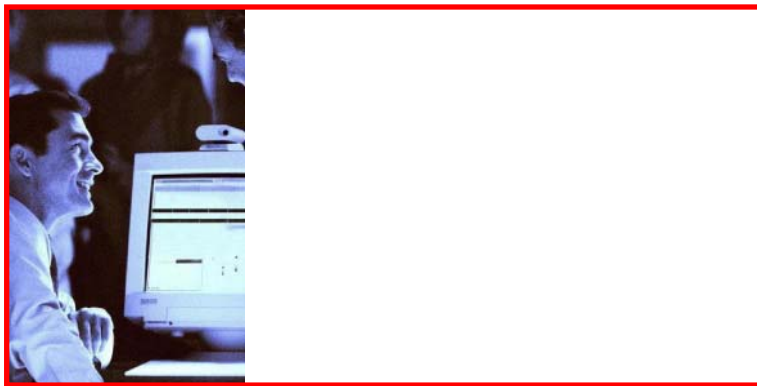
Source: IDC - **Tech's Soft Landing in a Rough Economy*

The Link of IT Spending to Company Performance



Source: Hitt and Brynjolfsson, 1996

To Impact Business Performance, Business Managers Typically Look at IT as a Visible (Hard) Factor That They Can Invest in and Influence



IT Practices

Soft Factors are not Captured and Factored into these Measurement Approaches

Information Orientation (IO)



Information Behaviors and Values

Information Management Practices

Information Technology Practices

- **Difficult to See**
Information's Value
- **Difficult to Measure**
Employees' Behaviors and Values
- **Difficult to Manage**
Better Knowledge Management and Use

The Cemex Way: The IT Legend

“Cemex in a league with Dell and Cisco as one of the world's leading **digital re-inventors.**” (*Business Week*)

CEO Zambrano can check sales figures or kiln temperatures in any plant in the world from a communications center in Monterrey that looks like a set from a science fiction movie (*Forbes*) or **NASA's control room** in Houston (*The Economist*).



“In Latin America, Cemex uses **time division multiplexer satellite networks.**” (*ComputerWorld*)

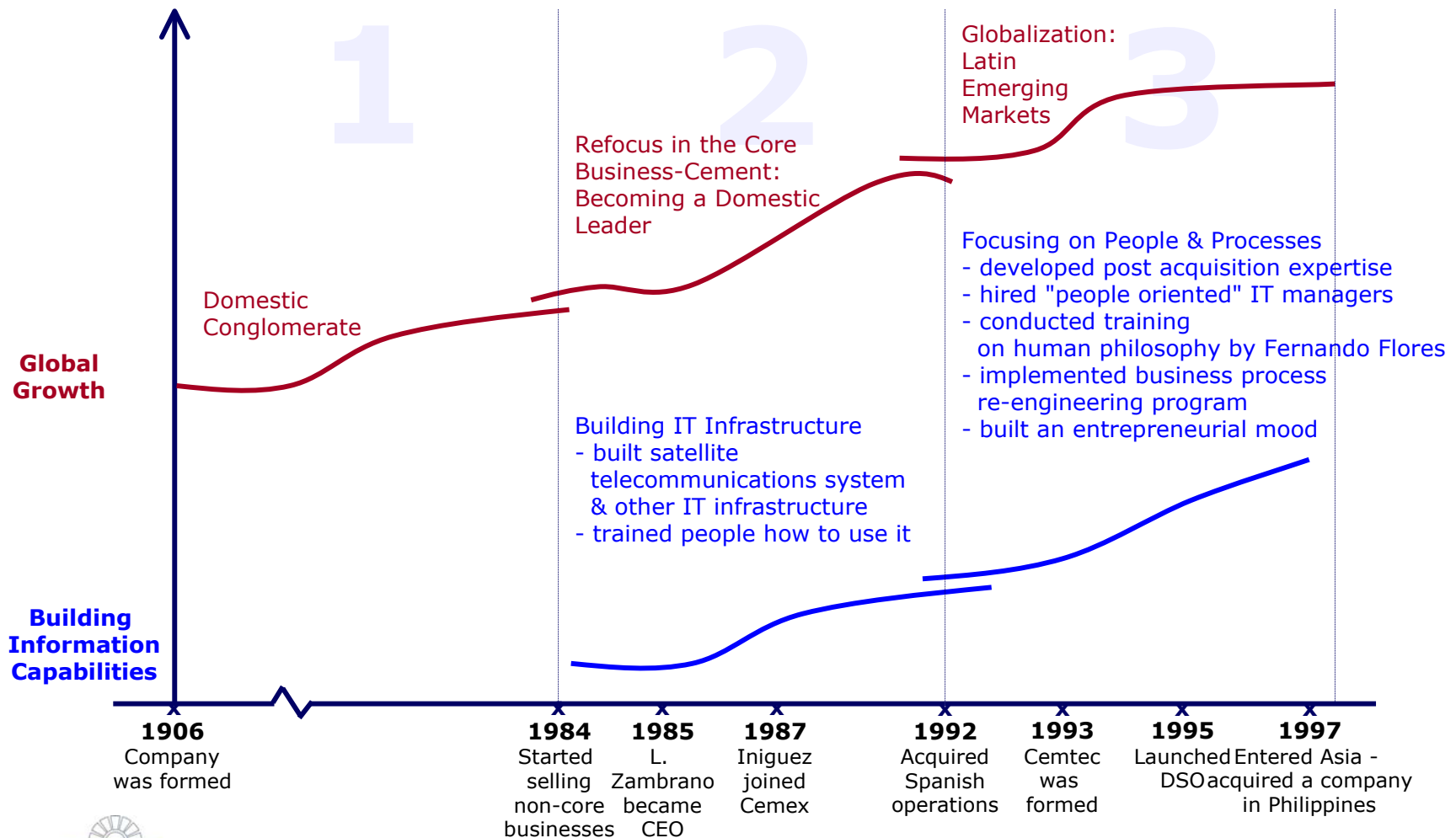
In each case, "post-merger integration teams" ie, **executives armed with laptops**, were dispatched to analyse the new acquisition, to cut costs, and to harmonise its technical systems and management methods with CEMEX's.

“Cemex's ready-mix delivery trucks are equipped with dashboard computers that allow tracking by **global positioning satellite (GPS) technology.**”

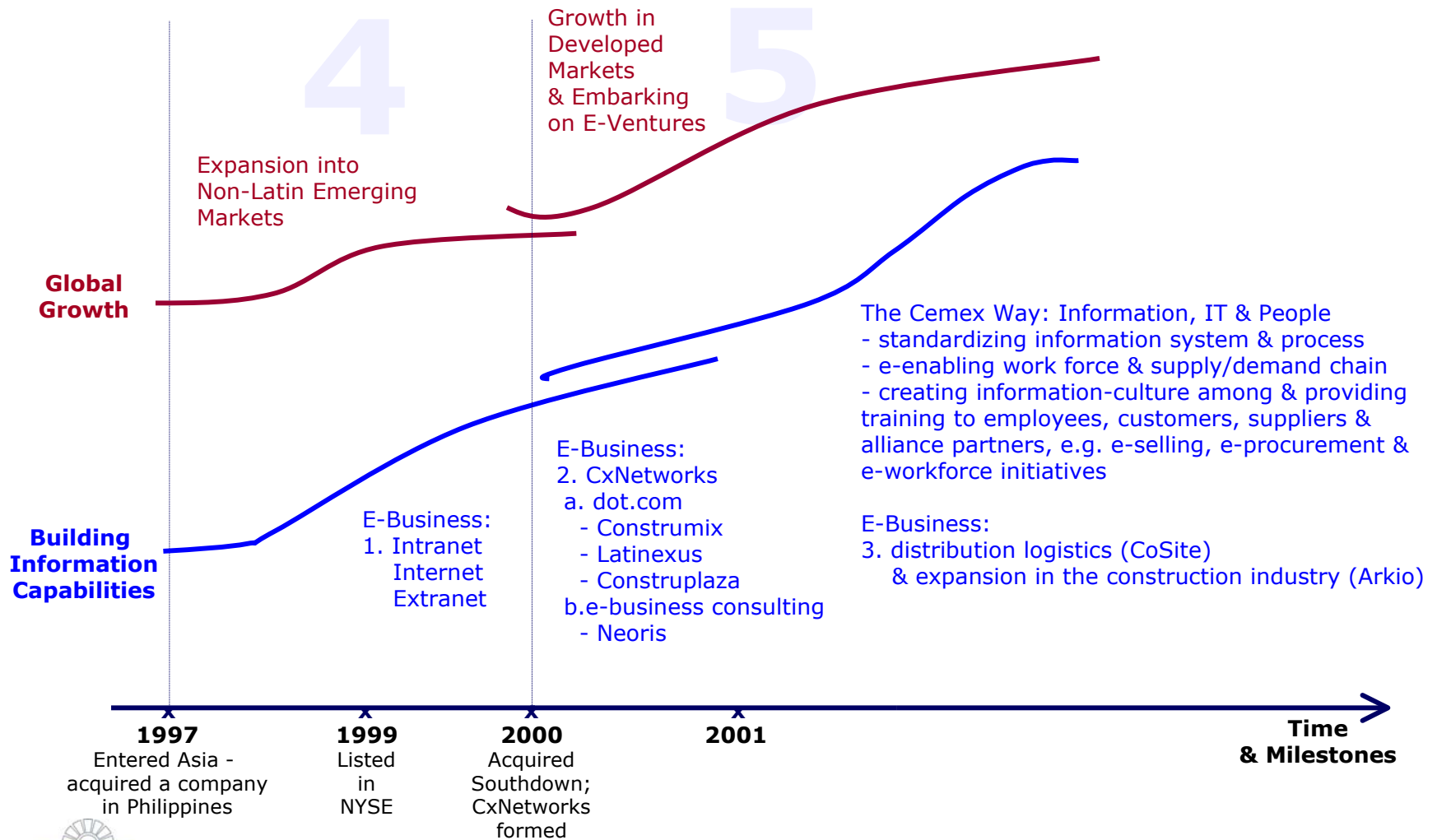


In our fifth e-strategy brief, we look at a rarity: a company in the industrializing world that has used **e-business** to steal a march on its rich-world rivals (*Wired*)

Cemex – Global Growth Through Superior Information Capabilities



Cemex – Global Growth Through Superior Information Capabilities



The Cemex Way: The Facts

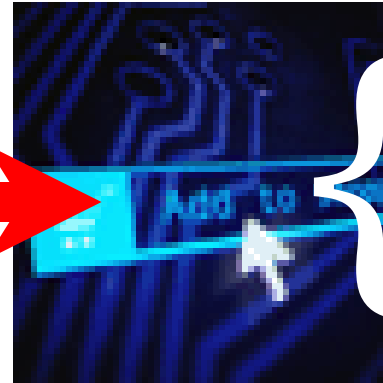
“Contrary to what you read in the popular press, our success was not based on developing a good IT system. **The press likes to focus on IT and our outcomes, but not about what we have been able to accomplish with our people. What we did was create a new culture at Cemex, one that was based on commitments, and action.**”

Gelacio Iniguez, former CIO, Cemex, current CTO of CxNetworks

Breakthrough: Scientific measure of the interaction of people, information and technology and its proven link to business performance

Information Orientation **IO**

Business Performance



- Market Share Growth
- Financial Performance
- Level of Innovation
- Superior Company Reputation

Information Behaviors and Values

Information Management Practices

Information Technology Practices

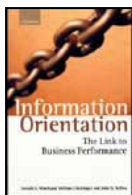
Four Years of Leading Edge Innovative Research

- Conducted at Europe's leading Business School -- IMD in Lausanne, Switzerland
 - Over 100 global companies including:



- More than 1200 senior managers
- Across 26 industries
- Nearly 40 countries

- Leading international business publications



Oxford

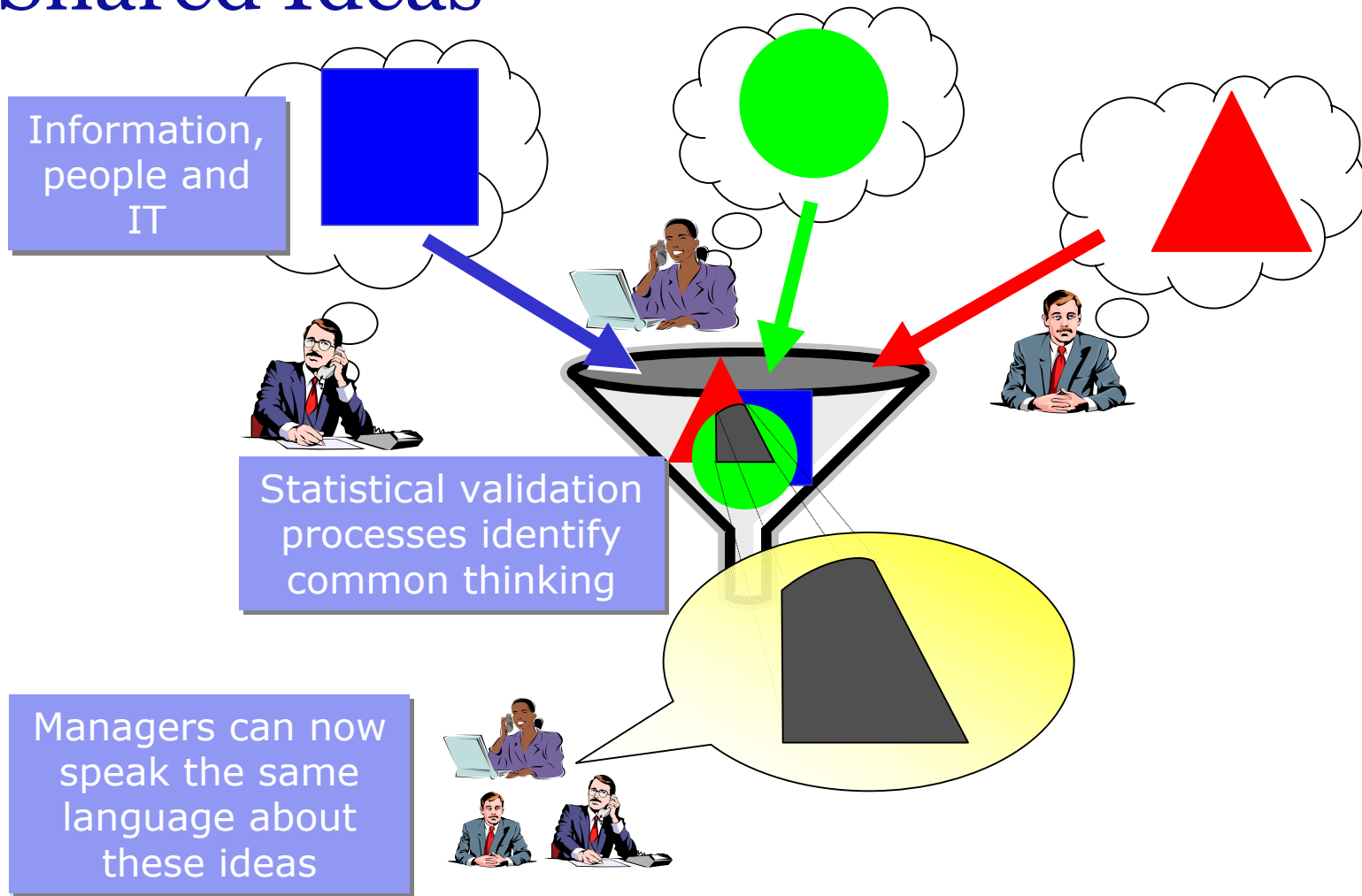


M.I.T.

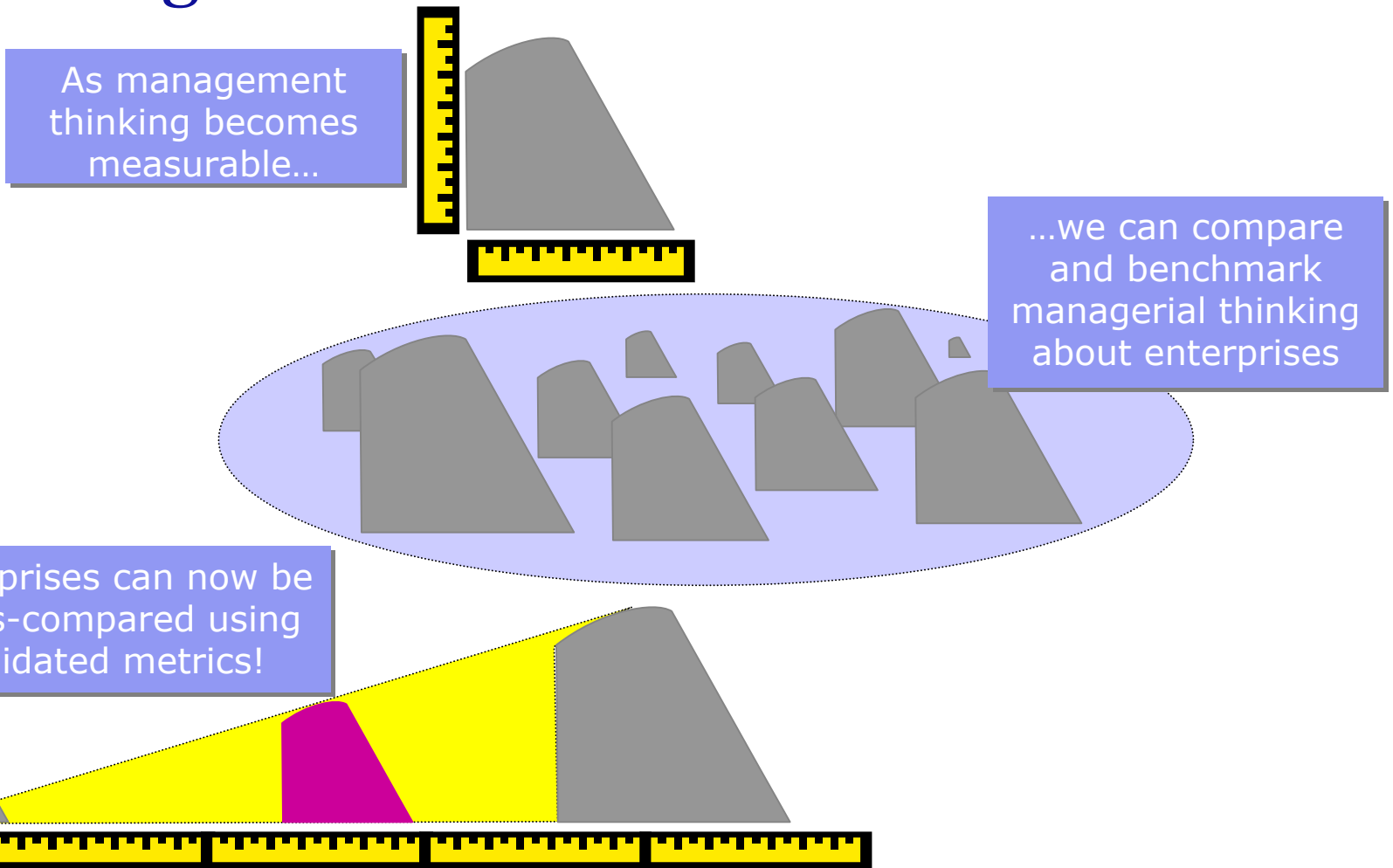


Wiley

The Research Focuses on Managers' Shared Ideas

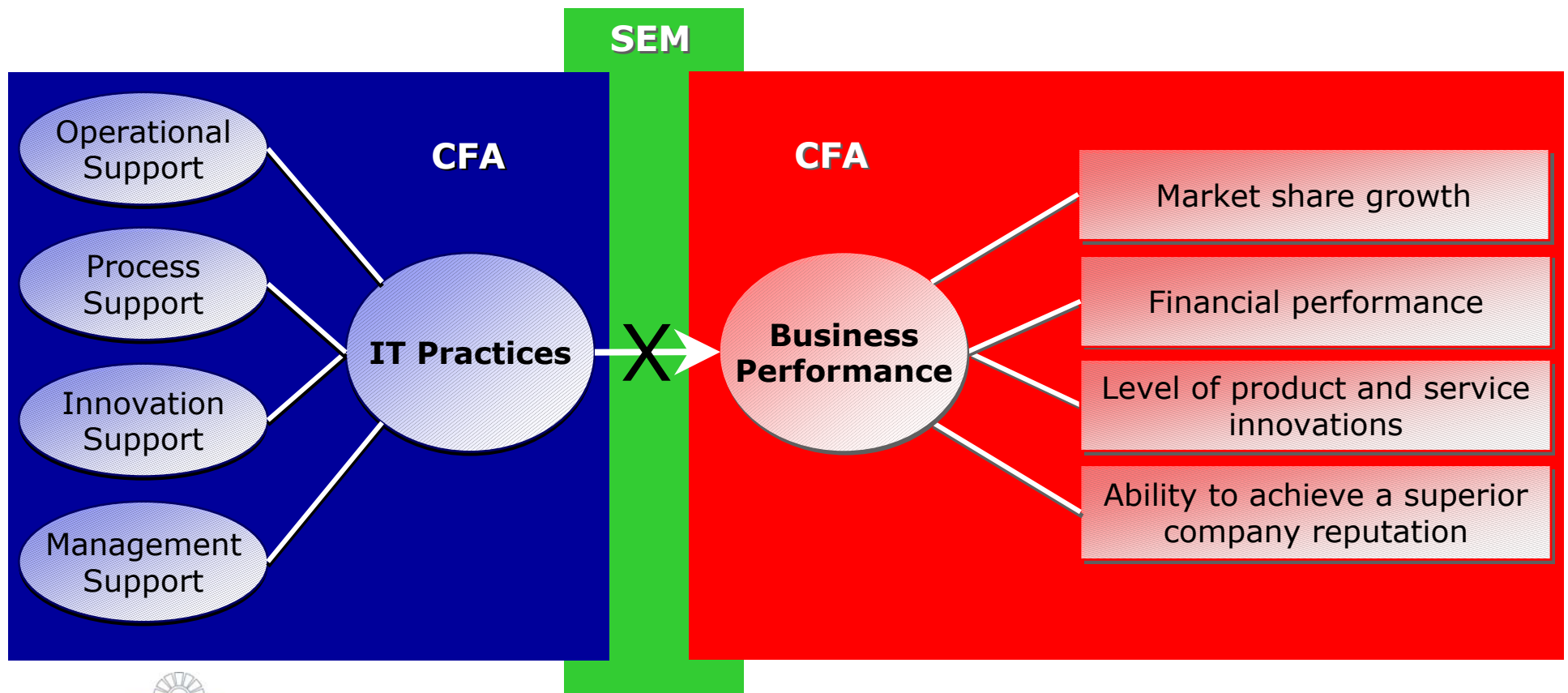


Validation of Shared Ideas Allows Measurement and Comparison of Managers and Management Teams



Our Analysis Confirms or Disconfirms Shared Ideas of Managers and Management Teams

Example: Confirmatory Factor Analysis (CFA)
Structural Equation Modeling (SEM)



New Performance Metric

Information Orientation **IO**
is the first, validated Measure
of Information Effectiveness
to Business Performance

People

Information Behaviors
and Values (IBV)

Proactiveness
Sharing
Transparency
Control
Formality
Integrity

Information

Information Management
Practices (IMP)

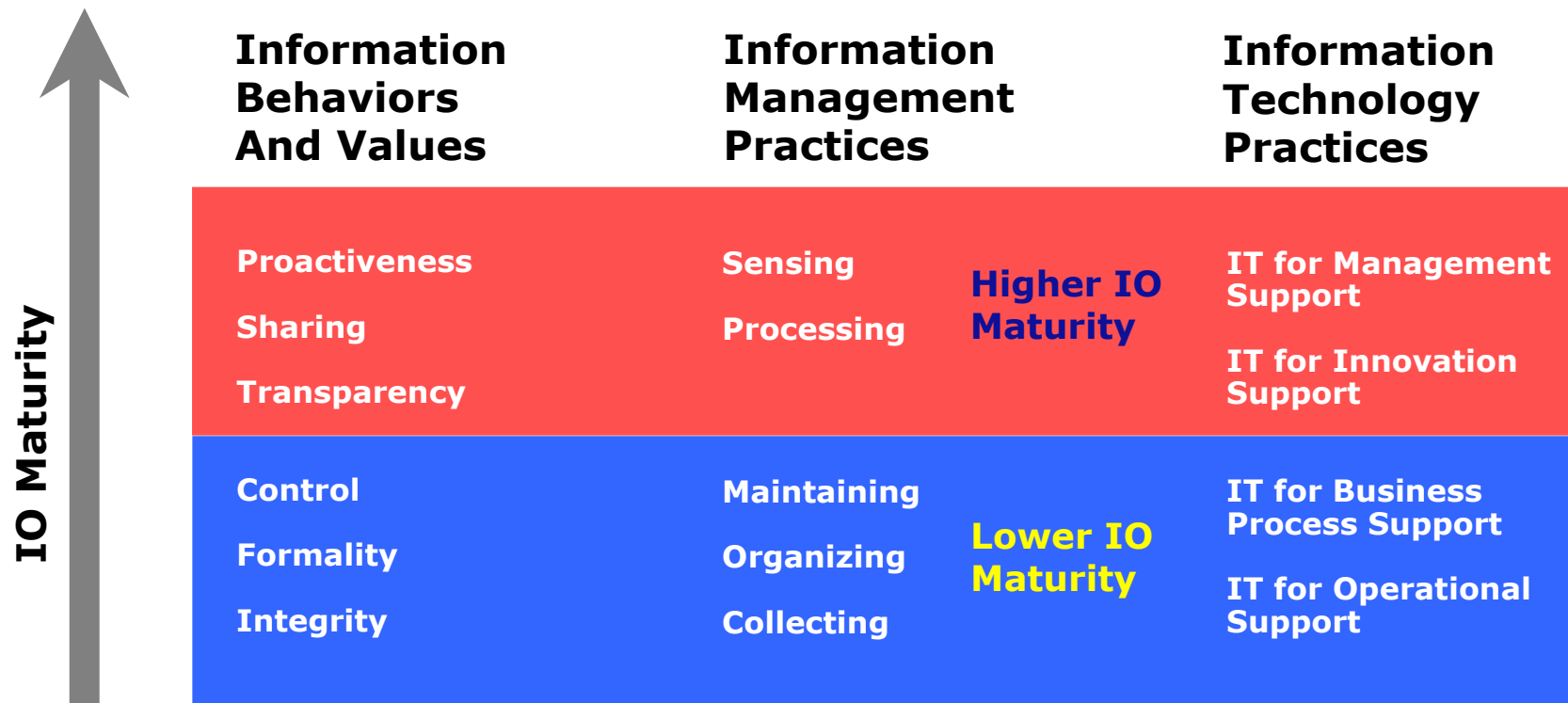
Sensing
Processing
Maintaining
Organizing
Collecting

Technology

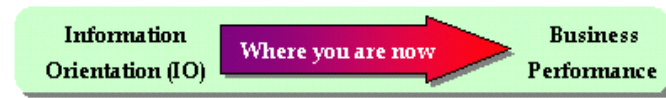
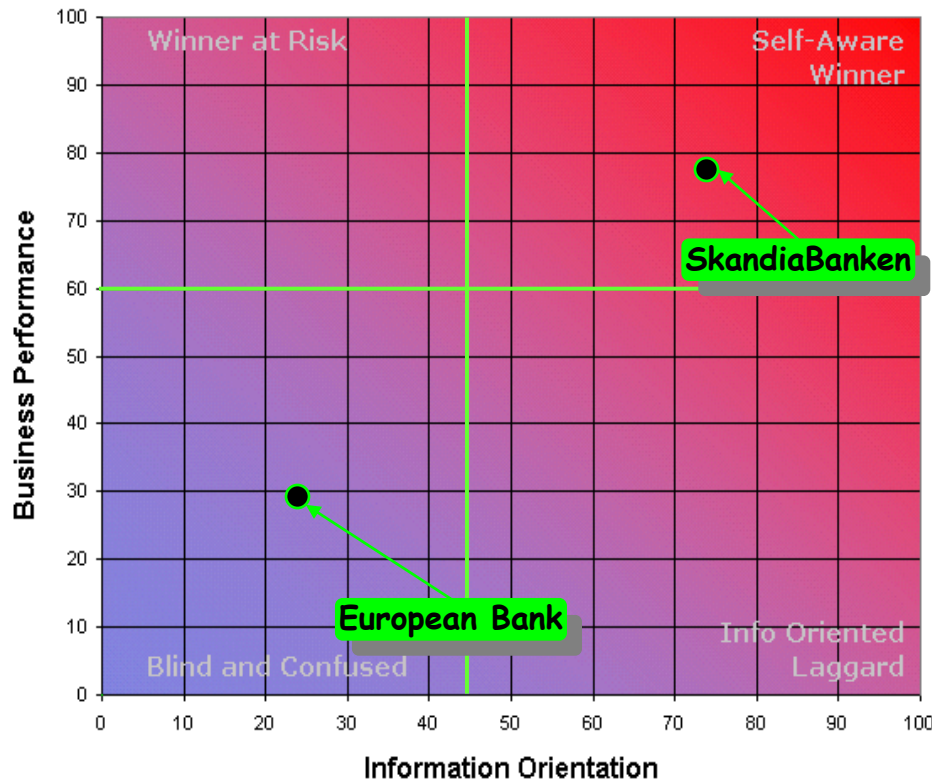
Information Technology
Practices (IMP)

IT for Management Support
IT for Innovation Support
IT for Business Process Support
IT for Operational Support

The **IO** Maturity Framework: Management Prescriptions for Information and Knowledge Use



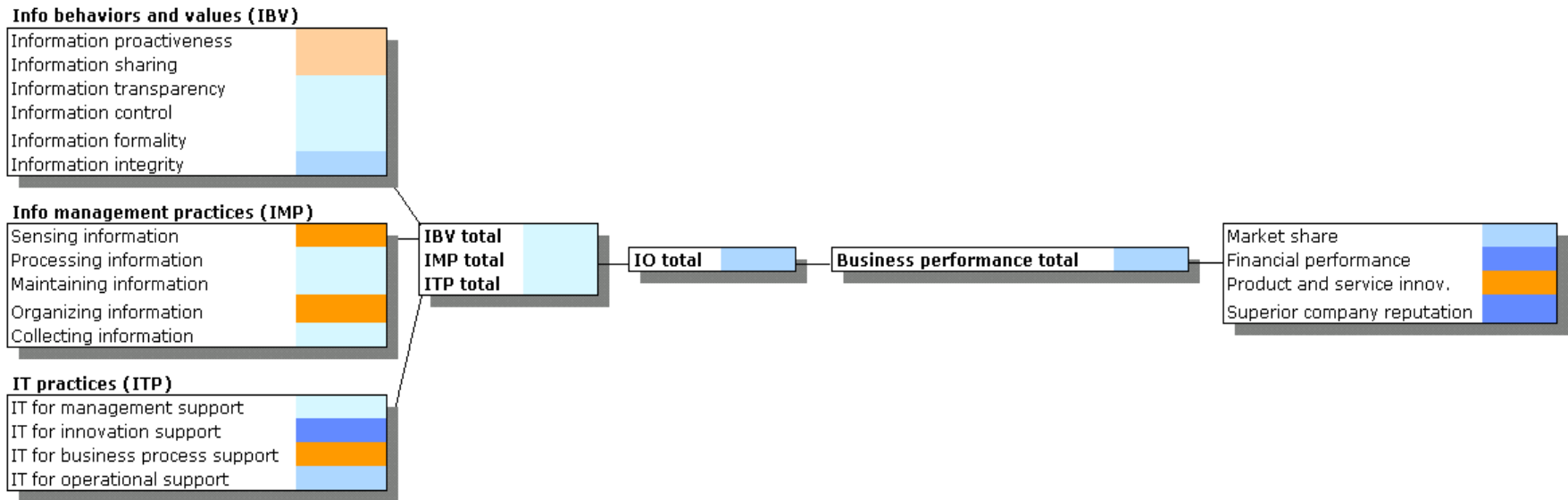
Differences Between High and Low IO Companies



- Self-Aware Winner**
Practices Information Orientation to drive high performance
- Winner at Risk**
Delivers good performance now, but lower IO may prevent continued success
- Info Oriented Laggard**
Understands Information Orientation, but suffers fundamental weaknesses
- Blind and Confused**
Major business change required/needed

— Median
0 and 100 represent the minimum and maximum values of the benchmark

A Large European Retail Bank: Low **IO**, Low Business Performance

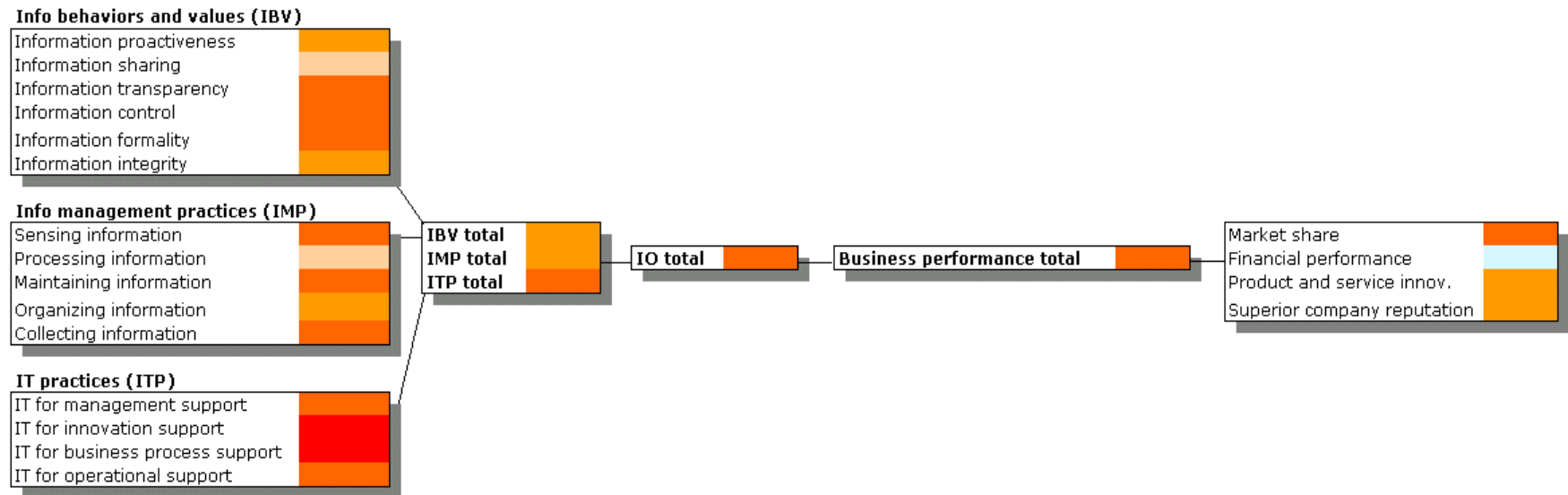


- The majority of IT resources and personnel were committed to converting the IT operational and transaction systems of the bank with that of a merged bank. After five years, only 80% of the two systems had been merged.
- Two additional restructuring programs, the transition to the Euro, and Y2K during the late 1990s continued to focus the IT department's attention almost exclusively on infrastructure and operational issues.

Low **IO**, Low Business Performance

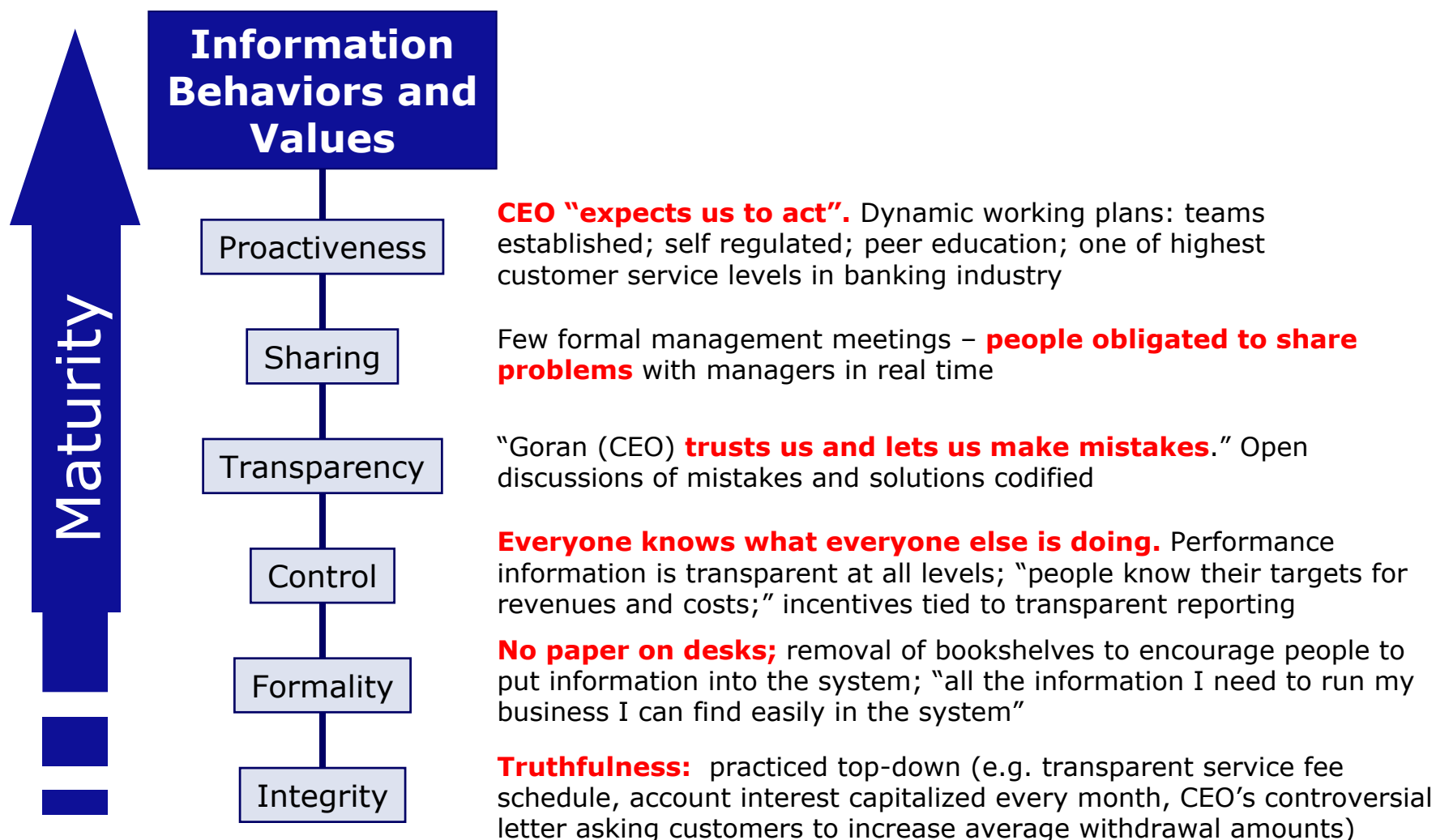
- Customer channels fragmented
- Cross-selling in the branches failed
- Relationship managers relied on personal systems
- Product managers had inadequate decision-making tools and complained of overload
- Senior managers blamed "IT problems" for under performance

SkandiaBanken's Senior Managers Focused on Both Hard and Soft Factors

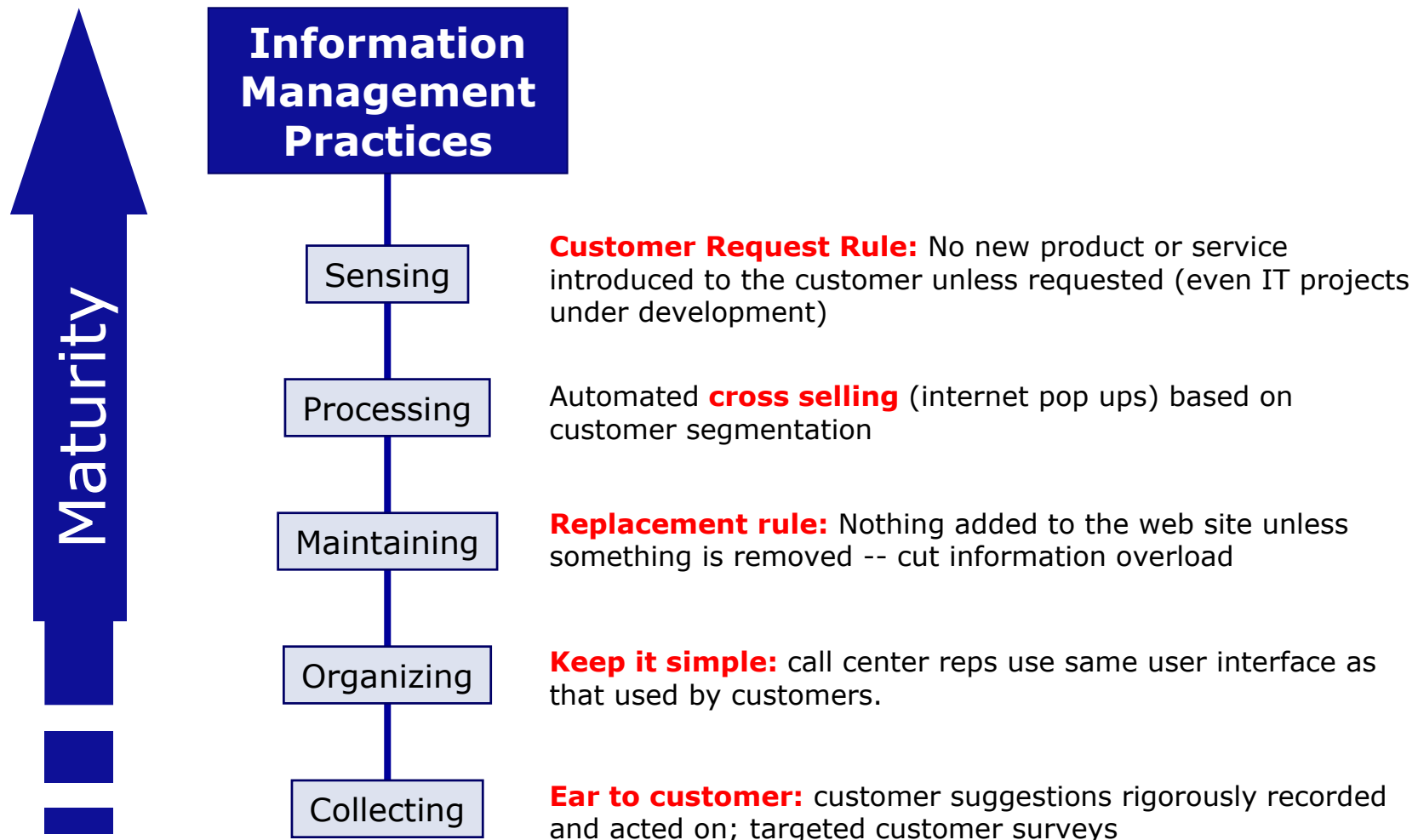


- First successful branchless bank in Scandinavia, profitable since opening, 1996.
- Value Proposition to Customers: truthfulness, simplicity, high interest rates
- In 2000, awarded **Best Bank of the Year** in Sweden for the third year in a row. Privata Affärer (2000)
- By 2001, Sweden's fifth largest retail bank with 400,000 customers, **growing at an annual rate of 25%**

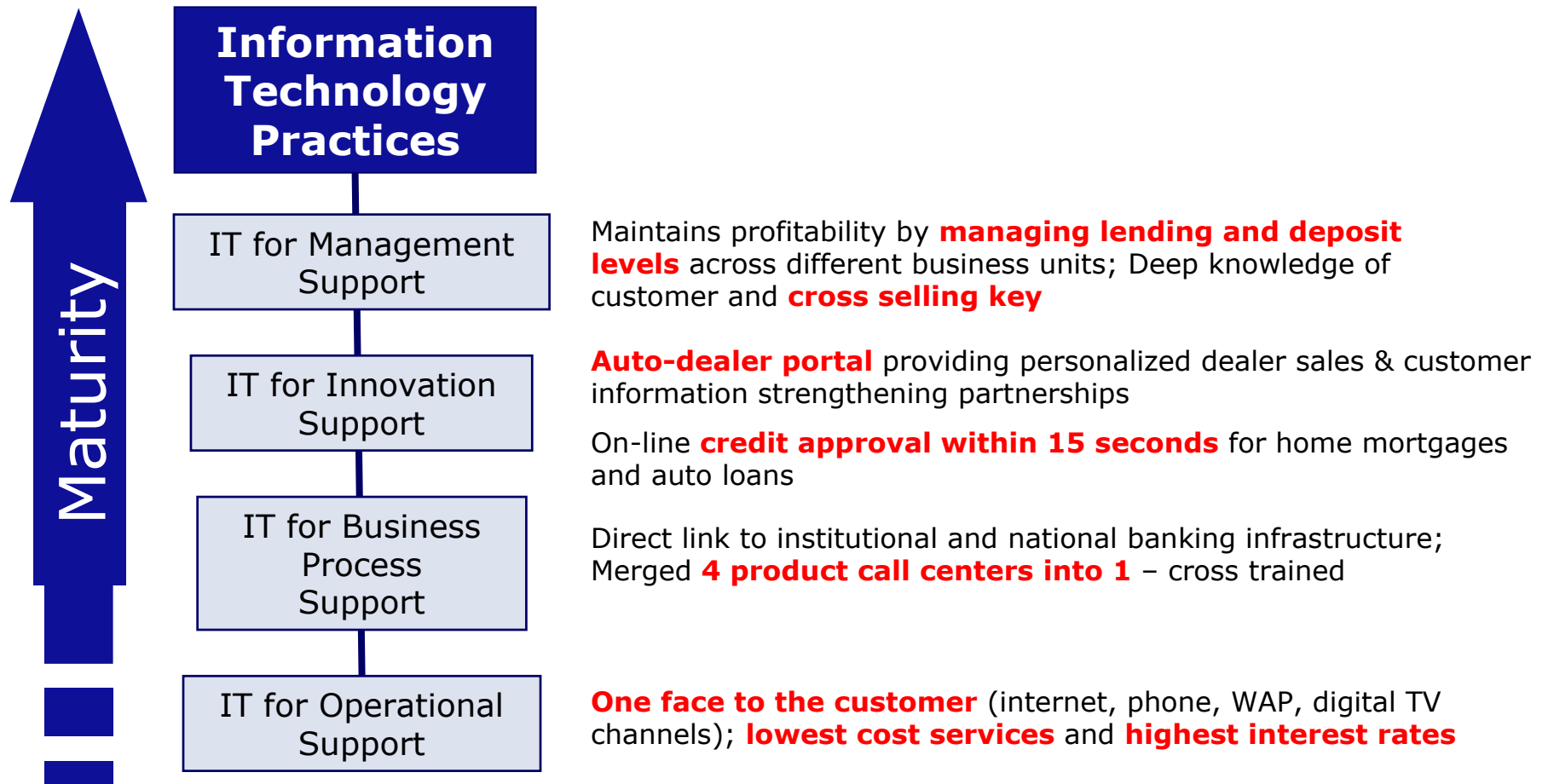
SkandiaBanken: Developing IBV Maturity



SkandiaBanken: Developing IMP Maturity



SkandiaBanken: Developing ITP Maturity



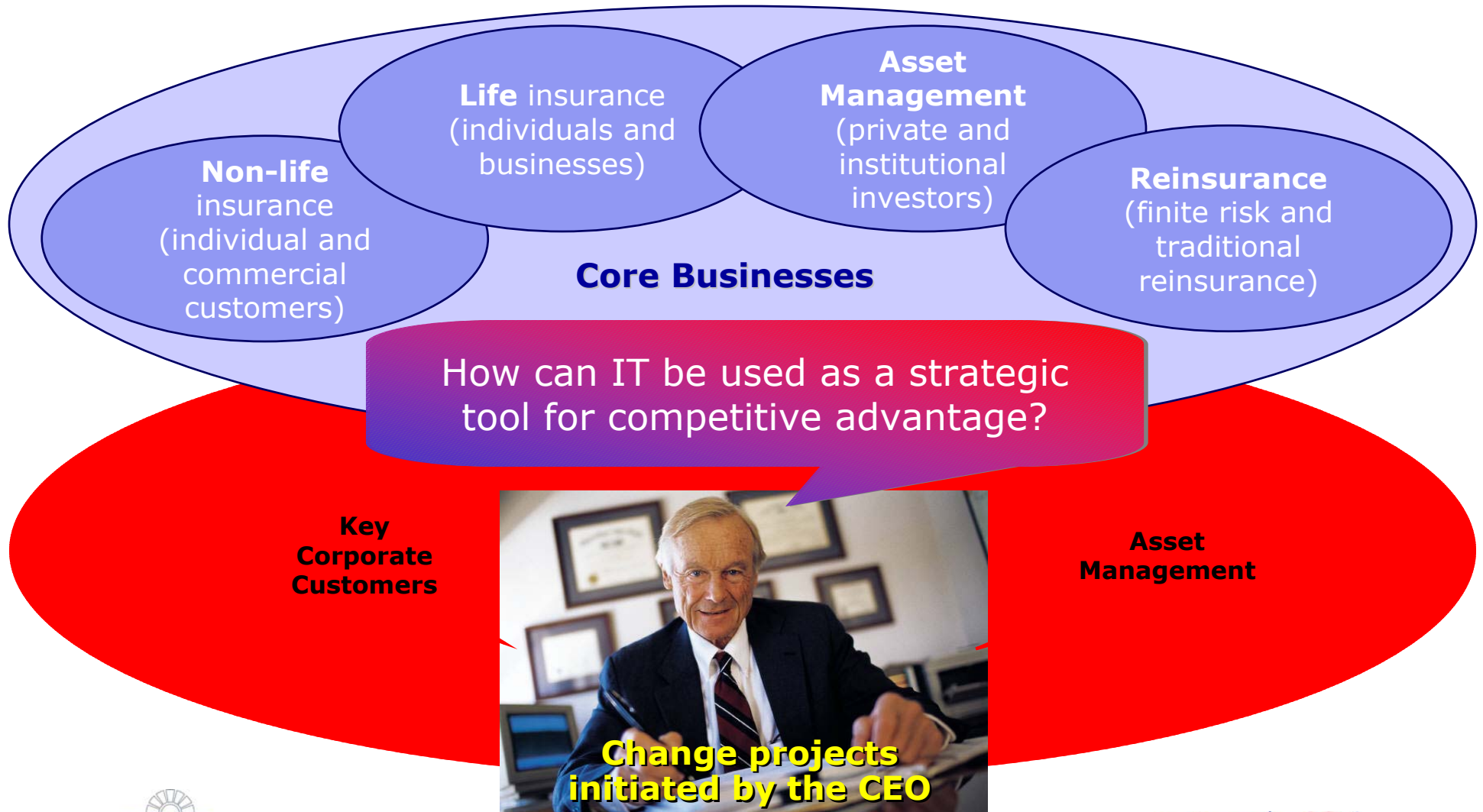
Global Financial Services (GFS) Group – Case Study

GFS

- In 60+ countries
- 30 million customers
- 60,000 employees
- Annual revenues of \$40 billion
- Manages \$300 billion of assets



The Importance of Asking the “Right” Questions



GFS' SWOT Analysis of the IT Area: Focus and Key Weaknesses/ Opportunities

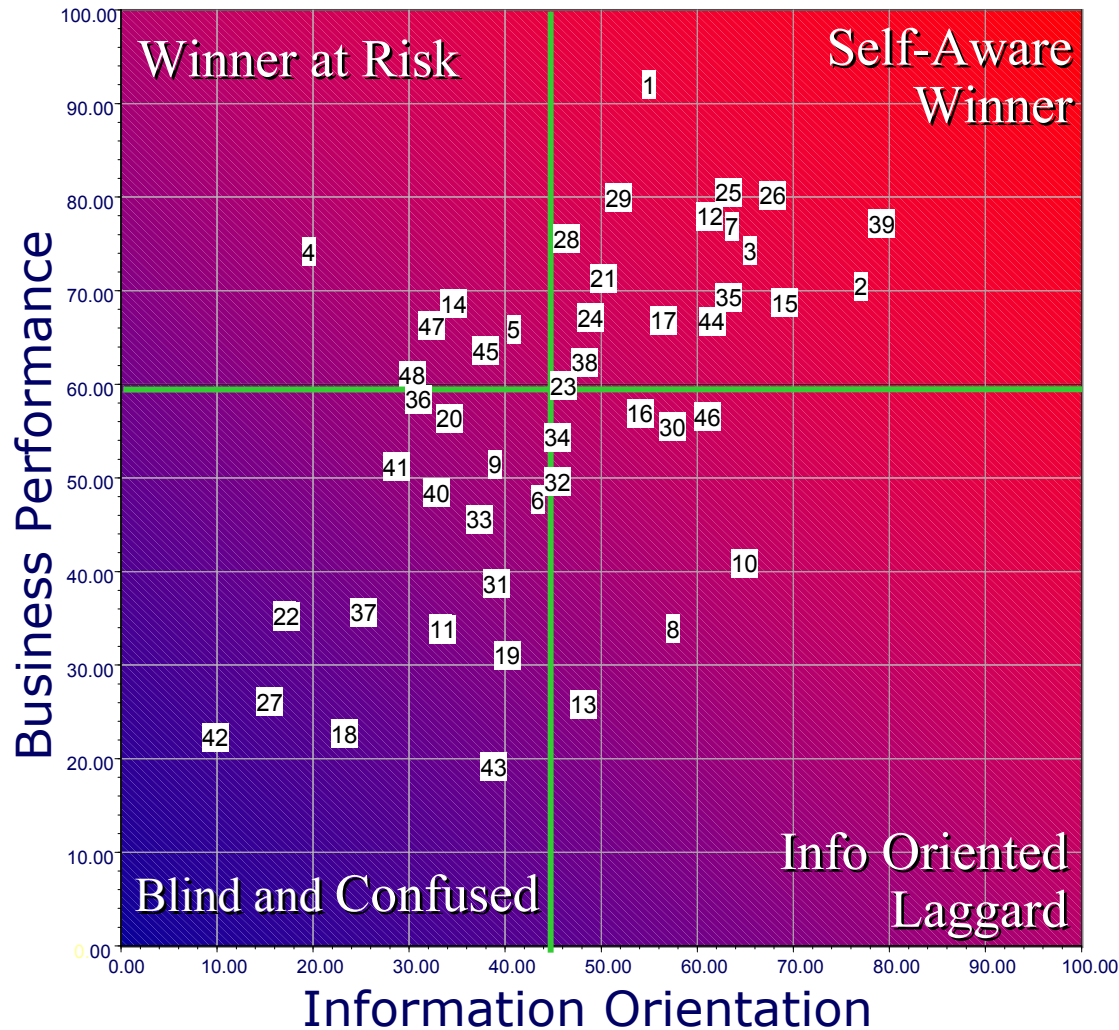
Focus

- Competitive analysis: IT focus
- Current and new technology: business impacts
 - mobile computing,
 - call centers,
 - E-commerce
- IT capabilities: money, people, organization
- Past and current IT projects: evaluation

Key Weaknesses/ Opportunities

- Organization, culture, and skills
- Measurement systems
- Accessibility of data
- Uniformity of worldwide service standards
- Regulatory requirements
- Funding mechanisms for IT

BU Comparison: Information Orientation vs Business Performance



Self-Aware Winner
Practices Information Orientation to drive high performance

Winner at Risk
Delivers good performance now, but lower IO may prevent continued success

Info Oriented Laggard
Understands Information Orientation, but suffers fundamental weaknesses

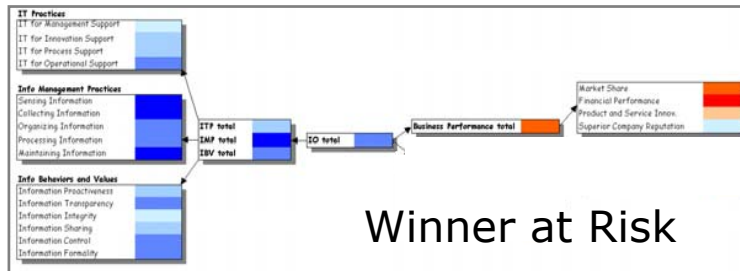
Blind and Confused
Major business change required/needed

— Median

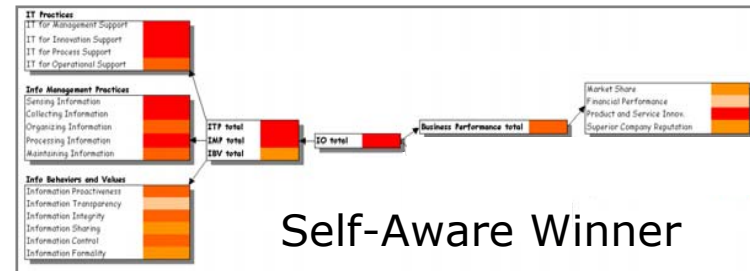
The Management Challenge: Optimize the Portfolio Strategy Across the Group

IO Diagnostic™ Conclusion:

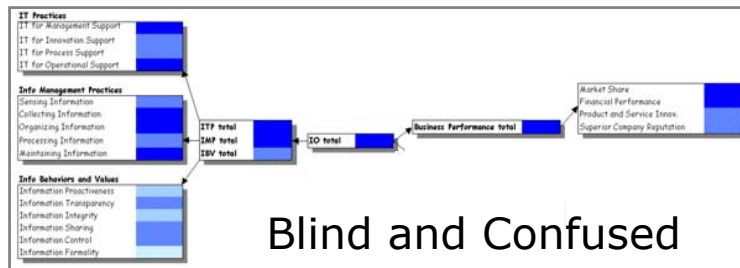
Managers have to build on their strengths and minimize their weaknesses across all BU's to improve the overall Information Capabilities of the Group.



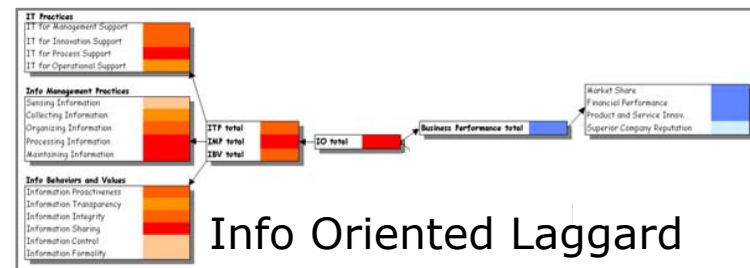
Winner at Risk



Self-Aware Winner

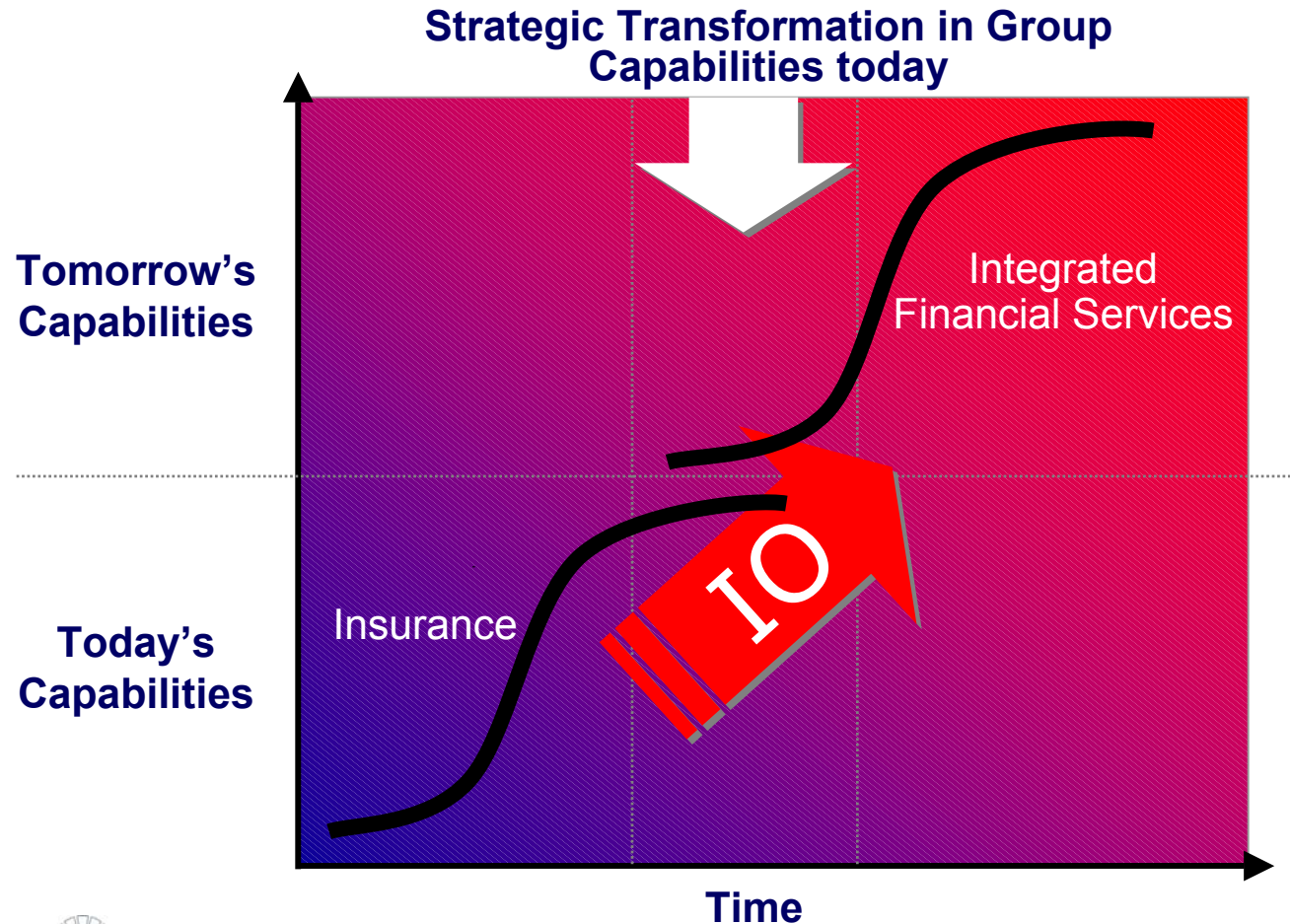


Blind and Confused

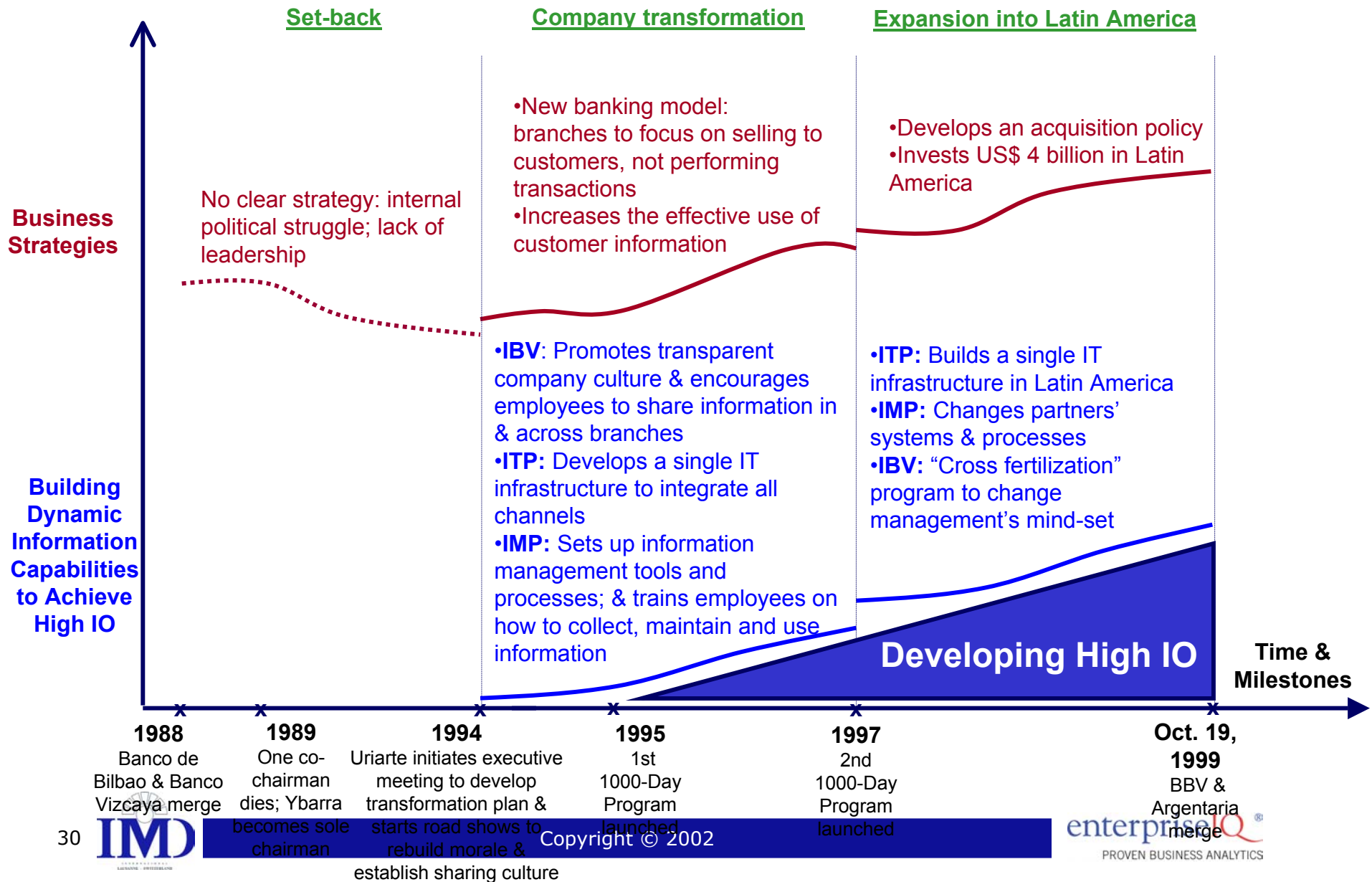


Info Oriented Laggard

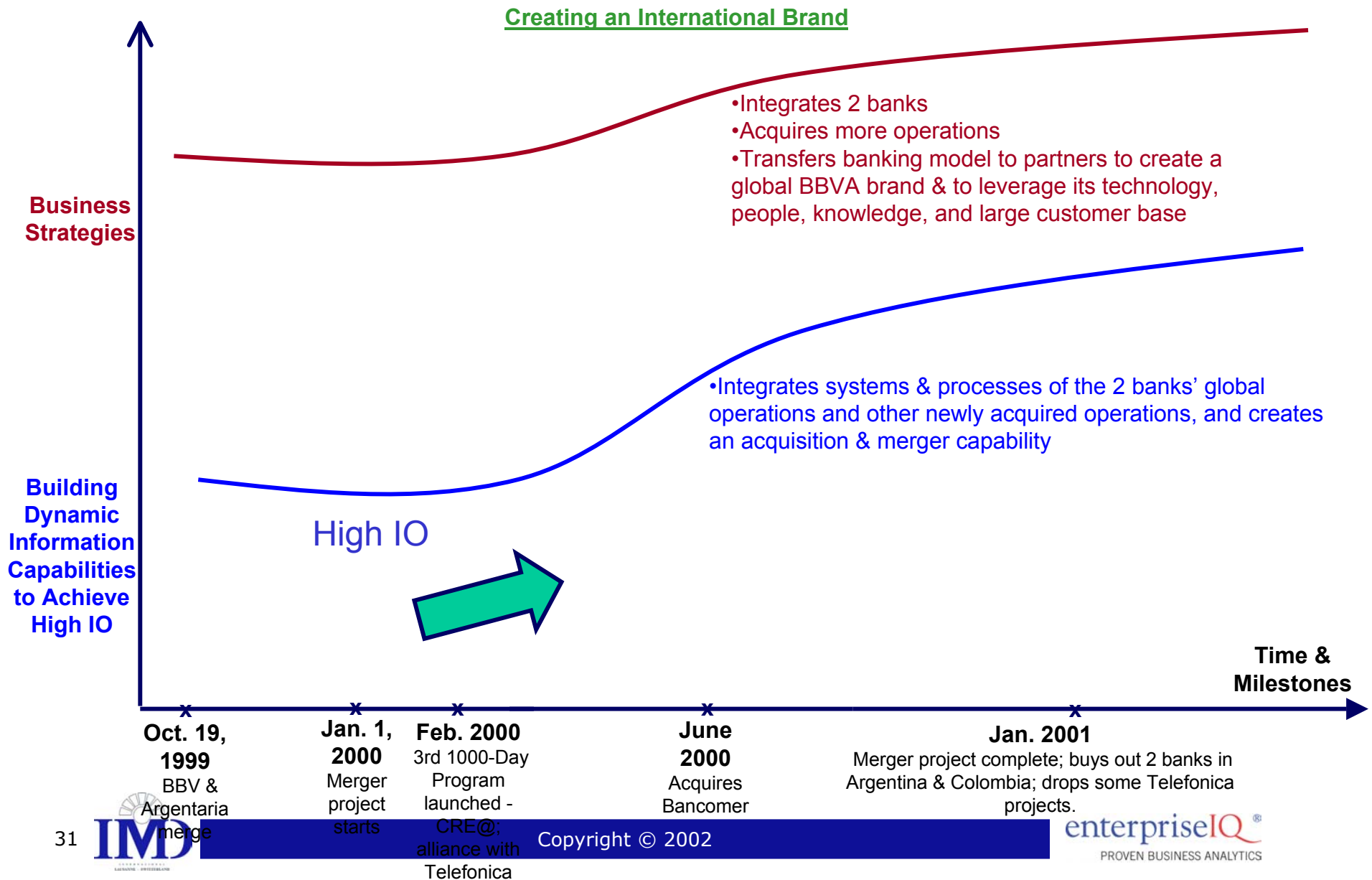
Finally, the Group Must Improve **IO** to enable its future business vision



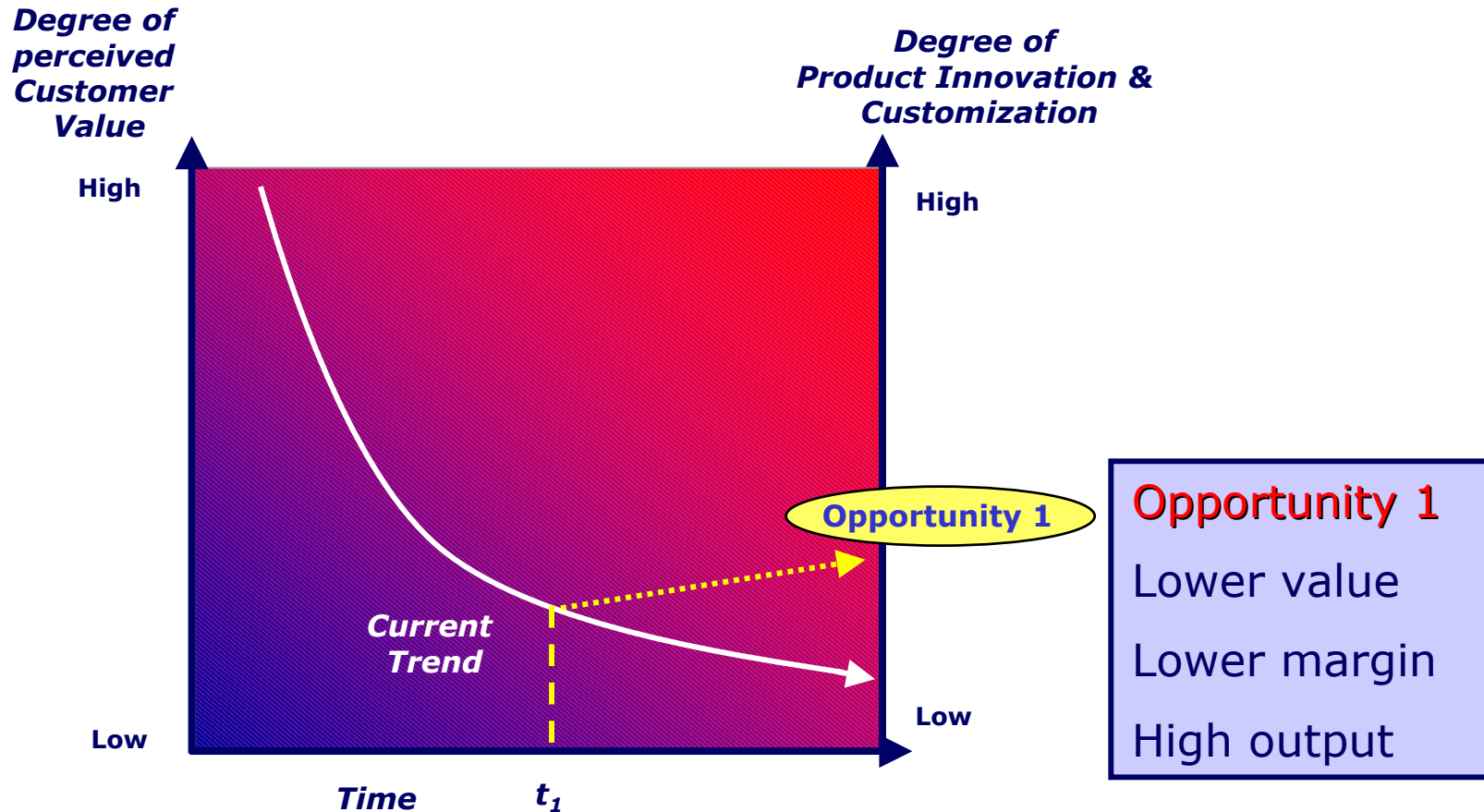
Banco Bilbao Vizcaya Argentaria (BBVA): Executing Growth Strategies with Dynamic Information Capabilities



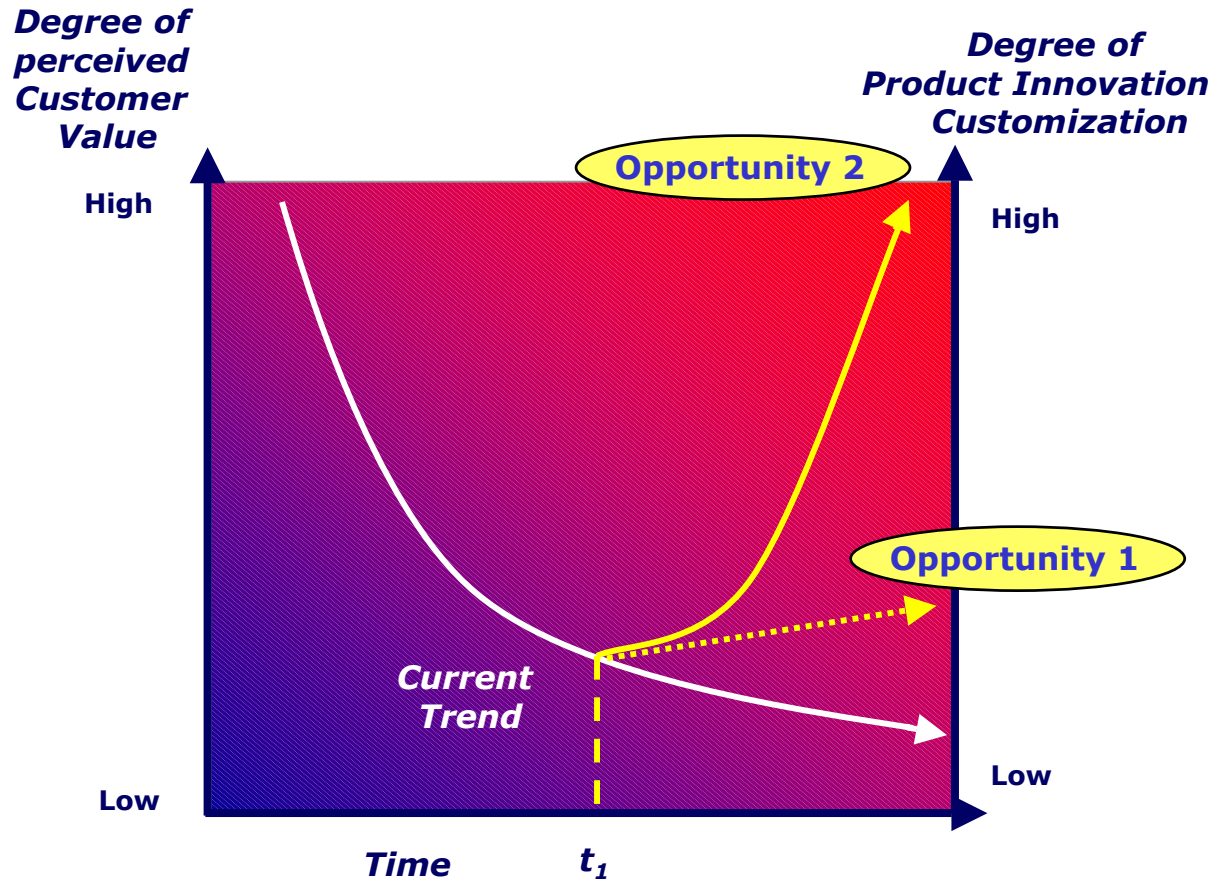
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Opportunities for Companies to Compete in This Business Environment



Opportunities for Companies to Compete in This Business Environment



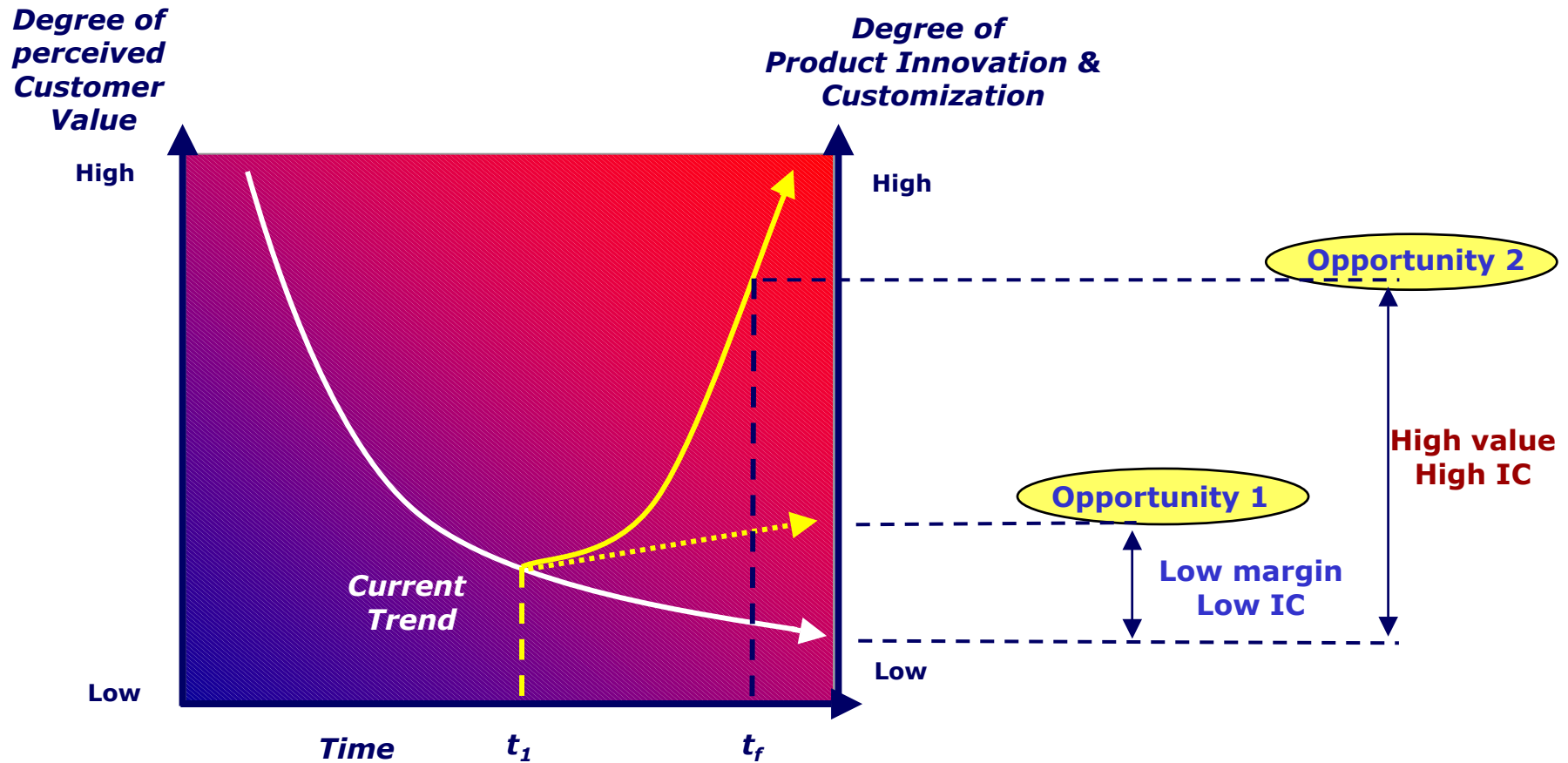
Opportunity 2

Higher value
Highly differentiated

Targeting:
The Best Markets
The Best Products
The Best Customers

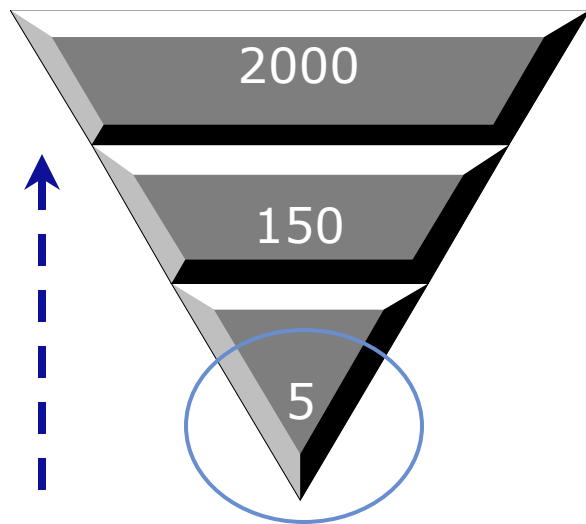
*With high quality
information and
knowledge use !*

Opportunities to Compete Depend on Leveraging Information Capabilities



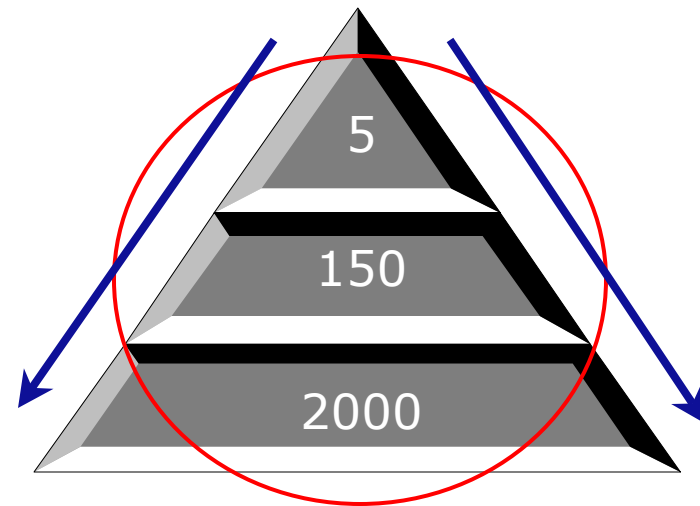
Mobilizing Information, People and IT in Your Company

Scenario for Heavy Lifting



Managers seek to leverage information, people and IT, but their people are reactive and low on IO

Scenario for Fully Mobilizing Your Investments in People, Information and IT



Managers lead their people to use information and IT to drive business performance

Lessons Learned about Competing with Information

- The mindset and actions of the company's managers are critical to effective information use and to achieving business results with information, people and IT capabilities
- Building the Company's Information Capabilities is as much about people behaviors and information practices as it is about IT –management control plays a critical role!
- Leveraging information and knowledge for bottom-line impact is no longer « soft » or « intangible »: We can see, measure and leverage these assets by managing the Information Orientation of our company.



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