

The Edge
Business performance through IT leadership
by: Manoj Garg and Michael Scheuerman

Introduction

Most business executives know that technology is a key ingredient for business success. At the same time they are baffled by the complexity, costs and challenges in implementing technology methods they are not skilled in. Their fears are not unfounded.

A McKinsey & Co. study done in 2012 of 5400 large scale IT projects found that 17 percent of those projects go so badly that they threaten the company's very existence. On average, large IT projects ran 45 percent over budget and over time, while delivering 56 percent less value than predicted.

Here's another example: Cover Oregon, a project undertaken by the State of Oregon to implement a Healthcare Exchange, cost taxpayers over \$300 million and had to be abandoned due to complexity and project management challenges.

The Edge is a business novel that educates senior business leaders how to get an edge in running their companies through the strategic use of Information Technology.

In most mid-size businesses, executives think of technology as a necessary evil and a cost to be minimized. However, with the right application, technology can increase speed of business dramatically while lowering costs. When leveraged appropriately, technology plays a strategic role in a company driving business innovation, increasing customer satisfaction, and finding new markets and new revenue sources to drive the top line.

We chose a business novel style to describe principles of technology management because for many of our readers technology is a complex subject and a story-like structure and narrative will engage our audience better by making it emotionally meaningful and easier to understand.

The US census data reveals that there are around 180,000 firms in the US with revenues between \$10.0 M and \$1.0 B annually. These firms typically rely on enterprise-wide software applications, and often deploy specialized technology to stay competitive in their markets. Their C-level executives and key managers keenly understand that technology is strategic, not tactical. They know it's a tool for business success, and continually evolving. But technology is also an occasional mystery to many executives. They wonder:

- How can IT bring competitive advantage to our company?
- How can IT help drive improved performance of the critical departments in our organization?
- How can IT increase productivity and reduce our need to hire more people?
- How can IT protect our intellectual property and business secrets?
- Which of all the cool new technologies can help our organization?
- How can we navigate through all these super expensive IT products and service?
- Is IT helping ensure our compliance with laws and policies?
- Are we capable of selecting—much less implementing—a key software package that's vital to our future business success?

The Edge answers these questions and gives executives the knowledge and tools to guide their company as it transitions from a mid-level to a high-level competitor in the marketplace.

We hope you enjoy this excerpt of *The Edge*.

Sincerely,

Manoj Garg and Michael Scheuerman

Chapter 1 - Forging Ahead

Jack flipped on the light in his office and paused for a moment to look around. The picture of his wife and kids still stood watch over the mess of papers on his desk; His leather chair still had that little rip in the seat from the time he forgot about the pen in his back pocket and had sat down; the wide window still looked out onto the parking lot full of his employees' cars; and the walls were still covered with advertising posters from the last 20 years of Mama Meg's Cookies. The face on every poster, the person the public associated with home-baked goodness, was his mother, Meg McCallister.

It was exactly the same as he'd left it last Friday, but today, just three days later, everything seemed so different now that Meg was gone. Her funeral over the weekend had made final what Jack, until recently, could never have imagined happening. His larger-than-life mother, who seemed like she could go on forever, had turned out to be merely human, just like everyone else.

It had been three years since she'd pulled away from daily operations at Mama Meg's, yet her presence was still felt at every level of the company she built: from Jack's CEO office, all the way down to the drivers who delivered cookies to stores all over the west. How could it not?

As a single mom, Meg had taken her company from her kitchen, to a fifteen thousand square foot plant bringing in 50 million dollars a year. Her scrappy determination, along with her sweet-as-pie public persona made her a well-loved public figure everyone wanted to root for.

Jack had learned long ago that even though Margaret McCallister came home to him and his siblings every night, everyone who loved Mama Meg's cookies claimed her as their mother too.

It had been five years since Jack took the helm as CEO after years of working at the company, but today he felt a touch of the same anxiety he'd had on his first day, unsure of where or what to anchor himself to without his mother's moorings. He turned his attention to the unread email in his inbox. There was one from Marcia Ashcraft, his Vice President of Marketing, about the PR plan for Meg's passing. He flagged it to remind himself to look at it later and clicked open the email from Walt Torbet, his CFO. The attached file had the latest earnings report he hoped would be enough to impress the Board of Directors at the meeting this afternoon.

He scrolled through quickly to the bottom line and his gut clenched: nowhere close to where they needed to be for this time of year. At this rate, they wouldn't meet their quarterly goals, and if the trend continued, their yearly goals were in jeopardy also. The Board was going to eat him alive.

The sales column showed the numbers were up, yet the profits didn't reflect the increased sales. How could that be? The last few months everyone had been working harder than ever. Manufacturing was putting in lots of overtime and purchasing of ingredients was at an all time high. They were making more cookies than ever. Why didn't it show in the bottom line? Jack didn't know if prices for raw materials were rising, or if they were getting dinged for rush orders from suppliers.

There was a quick knock at Jack's door and his sister Laura, Mama Meg's COO, popped her head in. "Got a minute?" she said. Her tall frame filled the doorway, but it was her square jaw and wavy, chestnut hair that had always made strangers ask if she and Jack were twins. Years ago, Jack had thought their two-year difference in age had been obvious, but now it wasn't the difference in years that mattered to Jack as much as loyalty and business experience, and Laura had plenty of both. Her grey tailored suit belied her easy-going personality the same way Jack's khaki's and untucked polo shirt masked his serious nature and tendency to worry.

“Sure. Just reading Walt’s report. I don’t know how I’m going to sugar coat this for the board this afternoon.”

Laura stepped in and took a seat across from Jack. “That bad?”

“I’ll figure something out.” Jack shook his head, uncertain, but determined. Lately it had felt like work was a series of increasingly dramatic crises and he wondered when things would get back to a more routine flow.

“Well, this won’t solve your problem with the board, but I wanted to give you a head’s up before the executive meeting this morning,” Laura said leaning back in her chair. “I just found out we’re short some of the ingredients for the Grocery King order. The forecasting report was off, again. Now I’m stuck buying on the spot market. Emergency ordering is killing our profit margins.”

“Can Leslie get you a better sales forecast?” Jack figured he knew the answer to the question. His Vice President of Sales was good at what she did, mostly because she always exceeded expectations. Her relationship with her clients was what kept many of the big customers loyal to Mama Meg’s. However, it was her own co-workers who got the short end of the stick, often stuck trying to meet impossible deadlines and scrambling for more ingredients to fill her orders.

“That would be ideal but I can’t always trust Leslie’s numbers. If I have faulty information when I negotiate with suppliers, I don’t get the right quantities of ingredients and we end up running out of flour too soon. And this time, it’s for our biggest order of the year.” Laura swiped her brown curls behind her ear, exasperated. “Now, everything is on hold. We’ve got a whole shift sitting around with nothing to do while we break down the line and set it up for another order. Meanwhile, Leslie is going to have to give Grocery King some idea of the ship date, but I have no idea what to tell her.”

“Leslie should be able to get you a six-month report. That should be simple enough. Then you’ll know what to ask the suppliers for.”

“Leslie can’t give me accurate three-month forecasting. Why would a six-month forecast be any more accurate?”

Jack nodded in understanding. “What are you going to do?”

Laura smiled, “I’ll figure something out, just like you.” She stood to leave, then turned back. “Hey, are we still on for dinner at your place tomorrow night?”

“Yeah. Now that Mom’s gone, it’s probably up to us to keep the family together. It’s not like Scott and Brigitte are going make the effort.”

Laura laughed, “Unless we meet in a strip club. I bet Scott could get behind a sibling dinner at The Blue Room.”

“He’s not that bad,” Jack defended.

“I don’t know. I overheard a couple guys in IT talking about weekend plans with Scott and it sounds like it’s becoming a regular thing for him. And Brig is not much better.”

“What? Brigitte wouldn’t be caught dead in a place like that.”

“No, not strip clubs. It’s more like a lack of personal responsibility. I think her spending is getting out of control again. Do you know she just bought a Porsche? And this, after renting that huge downtown loft in the Riverside District.”

“I don’t know what she’s thinking. That place must be costing her a fortune. I know her job in Promotions doesn’t pay enough for her rent *and* a Porsche payment.”

“You know Brigitte—always thinking ahead. She’s probably counting on her inheritance to cover her expenses.” Laura said.

“The inheritance will be mostly stock. She can’t pay rent and a car payment with stock certificates.”

“That’s true. I’m not sure what she’s thinking. Mom isn’t around to bail her out when things start to fall apart. I hope she knows what she’s doing.”

Jack rolled his eyes and pressed his hands to his temples. He didn’t have time for Brigitte’s drama today. Or ever, really. Just one more of the many things Meg had seemed to handle effortlessly that now appeared to be his responsibility.

“I’ll see you at the meeting, then.” Jack nodded and Laura left, closing the door behind her.

Was it too much to hope that Margaret McAllister’s death would have finally been the thing to snap Scott and Brigitte out of their perpetual adolescence? If it didn’t, Jack didn’t know what would.

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Jack took a seat at the conference table, most of his executive team seated around him. Marcia was tapping away at her tablet, her red fingernails clicking against the screen, while Walt pulled his fingers through the little grey hair he had left and opened up his laptop. Leslie Newell sat across the table, eyes glued to her smart phone, alternately scrolling and tapping through what Jack assumed were her sales team’s numbers. Her sharp, black bob fell forward like a curtain, blocking her face from the rest of the room. Chris Lopez, Production Manager, came rushing through the door, slightly winded from his dash from the production floor. He landed in his chair with a huff and let an armload of clipboards and spreadsheets spill onto the table in front of him.

“Sorry I’m late,” Chris said, his agitation written in his creased brow. “Things are pretty busy down on the floor. Switching gears halfway through the Grocery King order has us running around like chickens with our heads cut off.”

“I appreciate you all being here. I know things are crazy right now and your time is limited, so I’ll get right to the point.