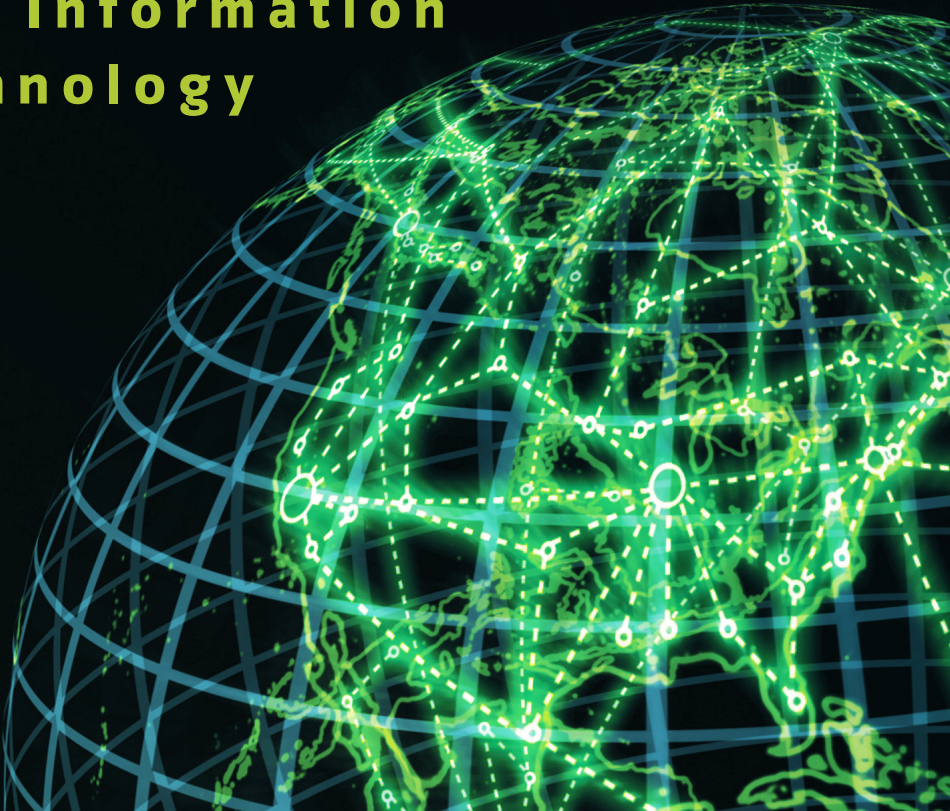


SECOND EDITION

CIO BEST PRACTICES

Enabling Strategic Value
with **Information
Technology**



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CHAPTER 1

Freedom with Fences: Robert Stephens Discusses CIO Leadership and IT Innovation

Founder and Chief Inspector of Geek Squad and Vice President for Best Buy, Robert Stephens is an articulate information technology leader and innovator who feels most comfortable and direct when sharing his insights and experiences by speaking rather than writing. This chapter transcribes a dialogue based on several recorded sessions with the editor. Section headings were subsequently assigned by the editor to indicate changes in the themes of the discussion.

THE CIO LEADERSHIP PARADOX

Joe Stenzel: As an innovative IT entrepreneur with experience in both the arts and engineering sciences, you're schooled to appreciate the vital balance between the creative

dimensions and professional disciplinary standards of CIO leadership expectations and responsibilities. Describe how this apparent paradox plays out in the current information environment.

Robert Stephens: The nature of the game has changed from the perspective of the CIO, especially in the last five years. Some of the rules for IT architecture and design are partially less formal, moving back in the direction of the mainframe, server client, and dumb terminal, but rapid prototyping is the area where innovative playfulness will soon be codified. With the development of mobile applications, smaller screens, and fewer buttons, it will be increasingly important for the CIO to avoid becoming too formal. CIOs will increasingly promote a cultural layer of playfulness within the enterprise and IT organization—a virtual sandbox if you will—as a part of the CIO’s arsenal, point of view, and leadership attitude.

Balance is everything. We have freedom to innovate in play, but it has to be a freedom with fences. There’s always a tendency to equate playfulness with the ignorant or the rule breakers. What about HIPAA? What about Sarbanes-Oxley? Critics will tell us that we can’t playfully innovate while protecting our enterprises. They’re simply wrong. CIOs get paid to help innovate and stretch. IT has become even more central to business success than ever, because the lines between an internal enterprise IT system and a customer-facing experience are diminishing all the time.

We need a balance between the formal discipline and playful innovation that characterizes the CIO, and the metaphor is really the human brain. The more we learn about the brain through functional MRI and PET scans, the more we learn that everybody is creative, everybody is methodical, everybody has varying degrees and kinds of intelligence by which we express our unique gifts—cognitive, emotional, social, ecological, artistic. Much of this is inherited, and the rest is fostered by the environment. The CIO facilitates creation of an innovative environment within the IT organization and the greater enterprise by setting the tone as a disciplined, but innovative, chief executive.

Innovation is art. Balancing is an art. As an inherently playful activity, art shows us the way to creativity and innovation. CIOs have to

get things done, but business pressures place the CIO in a position of constant paradox: innovate, but keep the enterprise safe and secure. Business is how we live, and art is why we live. Back and forth, back and forth.

I'm only now coming up with the words to articulate this human intellectual dynamic. Art and playfulness are essential in life, and strategically essential in business. Art is that abstract, shapeless playground from which new ideas spring, and that's why it's so relevant to business strategy: processes very quickly become commoditized, copied, and stolen. As Picasso said, "Bad artists copy. Good artists steal." The CIO has to find a way to help enterprise employees find access to that artistic space where they develop newer, brighter, faster, cheaper forms of products and services. That's why every art historian should take an engineering class and every engineer should have that art history class—CIOs included.

This suggests that balanced leadership is characterized by highly personal frameworks for understanding disciplined creativity.

I share the conclusions drawn in Richard Florida's *Rise of the Creative Class*¹ and Daniel Pink's *A Whole New Mind*² about the importance of developing the right-brain, but the message I want CIOs to understand is that *everybody* has artistic capacity to some degree, especially our employees. I learned two important things in my two short years of art school. Maggie Phillips was a member of one of the first graduating classes from the Institute in the 1920s, a classmate of Georgia O'Keeffe, and my 2-D drawing instructor at the Art Institute of Chicago. She'd walk around us as we were drawing—like a football coach on the sidelines—and she would train us by saying:

Don't look at your hands. Don't look at what you're drawing on the paper, look at what you're drawing—the real object. Your mind will draw and express the object only as well as it has come to know that object. There is no perfect line except the one you draw without editing, without that parental frontal cortex telling you the "rules." *Ignore* that voice.

This is really the job of the artist, and it's a creative, innovative intuition that I continue to remember as I work to balance the importance of creative freedoms and the inevitable leadership/disciplinary fences inherent in my work with Best Buy and Geek Squad employees and our customers. In technology, there are knowable quantities and things I can control; but in art, where new ideas arise, there are no rules—no forms codifying creativity. I can see how some people would struggle with this notion, but the key for the CIO is to understand how fences and freedoms relate to each other as a leadership function—the form and the formless. From my personal perspective as an artist, I can see how so many people struggle with the question of the relevance of art itself.³ In art and in technology, there are no movements like the Dadaists or Surrealists anymore. All executives can be their own Institutes of Art, and this is certainly true in the world of “Executive-Interpretive Information Technology.” There are no movements anymore. So what new insight am I going to meaningfully contribute to the art world/business world/CIO world?

The balance of freedom with fences includes a very personal element of self-awareness for every CIO. I now see my innovative and creative endeavors as an exercise of self-discovery. What is my style? What kind of employee do I want? What kind of system do I want to build?

The leadership relationship between art, play, innovation, and business world disciplines for the CIO is to unlock the potential of each individual in the enterprise. Some people simply aren't cut out for management, but make good technical leaders. Many CIOs are not aware of their real gifts in terms of how they can facilitate the enterprise and the IT organization through teaching. In each case, and with each person, a good IT leader recognizes these gifts and places each employee into the roles in which that person can succeed, according to his or her gifts.

This is the quest that preoccupies me now. One of my favorite quotes is from Andy Warhol, whose words released me from my guilt when I dropped out of art school to go back to work at Verlo Mattress Factory in Chicago, where I could make really good

money writing software, solving business problems, and *seeing results*. Andy Warhol said, “Making money is art, and working is art, and good business is the best art.” I learned that I didn’t get the same kind of satisfaction in the art world as I did in business. There is nothing that is ever “done” in art, but in business I know when I’ve made a profit and I know when I haven’t.

I think Warhol was referring to the two faces of creativity—even artists must produce materials, pay the rent, come up with money for paint. He was very overt about the notion that we have to sell ourselves. The more I study Warhol, the more I am amazed at his genius. He seems to fold massive intelligence into what we might mistake for “Pop Art,” but miss incredible, practical insights. His phrase eased my guilt. I realized that I didn’t abandon the true principles of creativity because I wasn’t willing to “suffer” for my art. I’m not selling out; I’m following my bliss. This is part of what helps me reconcile the paradox inherent in freedom with fences, where *rules* promote creativity and innovation.

THE FENCES

Traditional executive stereotypes often emphasize disciplinary responsibilities, which seems like a good place to begin. Characterize some of the essential ways that the CIO uses information technology to discipline enterprise employees and safeguard enterprise assets.

There are always going to be paradoxes at the intersection of the CIO’s disciplinary and creativity leadership responsibilities, and these paradoxes intensify as search engine technologies evolve. Unlimited information is like limitless imagination. At some point, not only is it frivolous, it becomes counterproductive.

This is a very specific pattern I see in individual employees who say, “I’m having trouble understanding how I will use any of this, and I’m feeling overwhelmed.” They haven’t yet learned that the same degrees of disciplinary power that can be applied to information *filtering* can be applied to creative, innovative information gathering. This is my challenge. Applying meaningful borders to

information allows an employee to consume more content, where more actually means better—on the employee's own personal terms—and without a sense of being overwhelmed.

Enterprises and their CIOs are learning how to filter information to promote strategically aligned, individual employee decision-making and creativity through a process of natural selection. Examples from our everyday lives are informative here. When you have to get to a meeting, you have to keep track of time, traffic, weather conditions, the status of your car, and so many other factors. All the while, some important element can easily be forgotten as we work to trim all the margins and cut things close. Filtering is simply a set of rules and alternatives, predicted ahead of time, to be managed with information technology. The calendar, clock, and GPS in our mobile phones can talk to Google about road conditions and to our cars about fuel status. Instead of simply beeping at 10:15 to remind me to leave for my meeting, it uses available information to tell me to leave at 10:05 because I need gas, and locates the best station to get the fuel on the way to save me time. That's filtering. In my experience, most people ask if such an example is even possible, but when you think about it, the pieces are already there.

The next decade of IT will be about anticipating and connecting more and more of these pieces to organize and present filtered, meaningful information. These simple examples show how so much of our personal and work lives are based on if-then statements as the basis for unconscious rules that govern our efficiencies. The work of the CIO in this context is to identify and establish efficiency- and quality-based rules to filter and present relevant information on a real-time basis as employees and customers need it to make informed decisions. Imagine the opportunities for the CIO who sees the ways that IT can connect these relevant pieces. Another simple example: I want to receive a message when FedEx has delivered my package whether or not I sign for it; I want to be notified any time my flight schedule changes. I *want* these rules and filters as a part of my personal and work life.

Companies also provide these rules and filters to *keep* their customers.

I shop at Menards instead of Home Depot because I know where

I can find everything at Menards. The store layout is an enterprise rule for customers; the rule filters and organizes the information I need to find what I want at any Menards location. More and more enterprises use these simple information filters, but the CIO should understand that over time, this filtering power is shifting from the enterprise to the consumer.

Customers increasingly maintain a set of personal, portable information-filtering rules—all their likes and dislikes. Ritz-Carlton knows what kind of newspaper I like, and of course, they have it waiting for me upon my arrival. I'm paying for that now, but when I maintain my own set of rules and I permit companies to read my rules set relevant to my interaction with them (or others), they will automatically want to apply my rules to keep my business. Instead of the rules residing with Ritz-Carlton or Northwest Airlines, they're going to reside and be managed by me in *my* account, and I'm going to release them only under another set of relevant rules, not unlike releasing medical records. The filtering system operates on a rule hierarchy, a level of complexity I'm still struggling to solve, but I'm not going to wait for my competition to beat me to it.

The CIO's role in establishing workplace filtering appropriate to employee needs is essential here. To do otherwise is to assume the irresponsible leadership persona of the maverick who gets all the credit for breaking the rules. Enterprises will increasingly celebrate CIOs who keep more and more *productive* rules in place. I tell my people several things in this regard. Number one: If you're innovating and you're not frustrated, then you're not innovating hard enough. Frustration is a sign of actual progress, not an indication of problems. Rules, like concrete highway-barriers, take a lot of energy and effort to put in place so that they really work on an enterprise level. I have respect for effective rules because I understand that they do not emerge naturally, but from a great deal of insight and a lot of hard work. These kinds of rules are unnatural; the natural universe does not generate rules without a reason; it doesn't waste energy, and neither do smart people or enterprises. People tend to take the path of least resistance; good rules conform accordingly. The energy and effort demanded by sustainable rules applies to both setup and maintenance.

What formal management rules might any CIO use to promote employee efficiencies, if not creativity?

There are a few cogent principles about rule management here for CIOs to balance their innovative impulses with disciplinary prudence. Rule One: *Understand the origin of each enterprise IT rule and codify the rule's original purpose.* Rules exist, in part, to help us avoid unintended consequences, because individuals so often focus on the linear achievement of a personal goal that may not encompass broader enterprise agendas. CIOs should formally outline rule purposes and their safeguards.

Rule Two: *Put an expiration date on every rule.* All human rules are temporary by nature, not permanent. Rules are formulated in a specific temporal environment that will change over time, and most rules will eventually need to be updated, replaced, or dismantled. These rule term limits are a check-and-balance system that forces leadership to go back to the polls and review the enterprise IT rules for relevance. Why is this rule here? Why do we still need it? Rules tend to fester unless they are periodically reviewed and refreshed. Before long, they actually promote their own unintended form of culture that insidiously takes on a life of its own and becomes institutionalized. When a rule becomes institutionalized, it ceases to serve its originally healthy regulatory purpose and becomes more like a cancer cell—genetically reprogrammed to grow and dominate healthy systems. Expiration dates are inherently healthy and empowering. They give IT and other employees the chance to keep the CIO honest.

Rule Three: *The CIO must be a reluctant rule-maker who strives for brevity and design simplicity.* This is probably the most creative of the three rules. Look at Google's start page compared to the visual noisiness of Yahoo and AOL. You might say that Google is the unorthodox one, and you'd be right; but Google maintains a different orthodoxy, where less is more. They've violently resisted any changes to that page, and we now see it as a harbinger of clean design. Following this third rule, CIOs should select new rules according to high standards such as federal privacy laws, where conditions are explicit.

When the enterprise can meet these conditions, subject to thorough review, a best practice CIO will favor breaking rules while *obeying* them. This means that employees can only break a rule by meeting strict criteria, and the CIO should *carefully encourage* this practice. There's also an extension of the second rule inherent in Rule Three, when one considers IT or enterprise policy as a rule-based system. If Twitter has taught us anything, it's taught us to keep it simple, because policy-creep is so prevalent. Constraints become the key to creativity. Twitter's 140-character limit is the source of its power. It hasn't constrained Twitter at all, and the worst thing that could happen would be for them to eliminate that constraint. We'd be left with another form of email. Google's start page emerged because Sergey Brin didn't know html. He put the search box up there in the early days and never bothered to change it because he was focused on search algorithms. I think there's a lesson here for the CIO with important implications for rule and policy management.

The collaborative CIO keeps rules refreshed and enforced by sharing the reasons that the rules were built, how the rules were built, and how to improve them. In a sense, these three rules allow the CIO to in-source enforcement and innovation to enterprise employees. "Hey, here are my restrictions and why the restrictions are in place. What solutions can you come up with based on these restrictions?" For example, the CIO cannot allow credit card information to be stored in the system, but the enterprise is trying to make it easy for the customers so that they have one less step, one fewer click. So the CIO can focus on permissible freedoms, "Here is the problem, here are my constraints. If not a single person in our smart, playful, super-connected workforce can find a solution, I'll be forced to come up with another rule."

The CIO almost plays the role of a parent when it comes to balancing employee disciplines and freedoms.

Permitting employee freedoms is a fundamental leadership style not unlike a parenting style. A parent might put up nothing but fences, but at some point a child's healthy development must include a skinned knee while learning to ride a bike, poison ivy while

exploring the forest, a burned finger while playing with matches. Mistakes are our most effective teachers. I worry that enterprise leadership allows one percent of the possibilities to drive one hundred percent of the policy, and innovation suffers accordingly.

The alternative, balanced rule to the heavy-handed leadership tendency to stifle invention should be, *trust but verify*. Weigh the liability cost openly while making it easy for people to get things done. This openness actually trains the enterprise to understand why a rule is in place, why the rule makes good business sense, why the rule is important for the customer. This makes people able to challenge, follow, and enforce enterprise rules, because they *own* the rules. This promotes a culture of sharing responsibility for rule maintenance and enforcement where the CIO is no longer solely responsible, and where employees become more participatory and more compliant. CIOs who understand the freedom with fences paradox trust their employees to do the right thing under these balanced conditions for the simple reason that it costs far more energy to enforce than it does to trust.

At the same time, no CIO has the luxury of being an entrepreneurial maverick. I use different information categories to help me decide how I want to experiment and innovate. For example, one category is *knowledge about my products*, which is not confidential in terms of customer-facing support. Let's look at a support forum. All the interactions inherent with this information category are very different from credit card or financial transaction information, which needs to be guarded and protected. So I would start to play and experiment with new methods in an area like support forum information, where the company doesn't need to maintain such high security. The CIO can simply be more playful and experimental with tech-support data, using Facebook and Twitter in ways that are safe. Then, after learning from experiments in safer information categories, the CIO can pick and choose practice successes that apply to more sensitive areas.

Instead of saying, "How do we work within the sharp confines of this highly restrictive information category with many fences and gates?" the CIO might suggest to executive peers, "Let's learn how

to experimentally innovate from a greener, safer information space.” For example, Best Buy/Geek Squad has 14 service centers that fix over 4,000 TVs and laptops a day. We’ve got 20,000 service people associated with the call centers, making house calls, and working in Best Buy stores. I want to tap into everything they learn and know, and we’re experimenting with a couple of theories about this safe, but incredibly valuable information category. First, I know that I have a wealth of knowledge contained in the heads of these people, but they’re so busy moving from job to job and task to task that they feel they don’t have enough time to move away from their invoicing screen, open up another screen, and deposit their knowledge in a new location for me to access. Even if I built such a tool, I don’t think they would come.

But what if they knew that every time they typed a paragraph about what they did for the customer into the invoicing system, it would be automatically entered into a knowledge base? By proxy, they’re accomplishing two things that they will value. One: They immediately realize that I’ve developed a system where they don’t have to make an extra step. Two: I’ve given *them* a benefit—a system that can remember their knowledge for them and combine it with the experience of their associates. It’s there for them if they ever want to look it up again.

Here’s where it gets interesting, because *other* people can see it. In fact, we’re going even further. Because this information is related to products, there’s no need to make this information sensitive or confidential. So, let’s give *customers* access to this same information so they can do self-service. Playing and experimenting even further, we’re going to allow this information to be searched as a way to open it up to the broader public beyond the customer base. This allows anyone searching the information to improve the knowledge base, just like a wiki.

This is one important area where a CIO can take an information category with low sensitivity and barriers, but one that gives us important competitive opportunities and that can, in turn, give us experience to apply similar techniques to more sensitive information categories like customer purchase history. Eventually we

want to learn to link these information categories. We already know what products the customer owns, so how can we turn this knowledge into a customer benefit? For example, I really like it when I use a call center that doesn't make me repeat my life story, phone number, and account number three times. In contrast other call centers seem to be psychic. The psychic ones use caller ID to trip my customer profile database, allowing the service technician to begin immediately with my concern. This is an incredibly rich, playful, experimental area for the CIO.

Chapter 7 explores the use of social networking at the workplace. But in the context of freedoms with fences, what about the employee restrictions that most companies apply regarding the use of Facebook at work or blocking access to G-mail?

All unknown things are assumed to be a threat until proven otherwise. Once Best Buy actually started interacting with customers on Facebook, it became an essential tool for us. Best Buy now has one of Facebook's most popular pages, but as the popularity of Facebook increased from its initial launch, it was not accessible to a large chunk of our Best Buy employees. Removing that restriction not only sent a message, but I'm sure it enhanced our performance. It only makes sense that any enterprise should be eating its own dog food.

Information technology has now become a powerful collaborative technology that employees experience at home in their personal lives, which leads to a very interesting question. Who's the expert now? Who's *really* the expert on the nuances of the implications of many new forms of technology? I would argue that the CIO may be at a disadvantage when compared to the customer-facing employee due to all the meetings and other executive policy-related responsibilities that create a widening, increasingly formal distance in the relationship between the CIO and the customer. We want to learn what our employees know, and we want to augment the ways that information technology can capture what they know so that we can all make better decisions.

RULES AND INNOVATIVE AUGMENTATION

Explain how a best practice CIO can use information technology to promote employee and enterprise performance and decision making.

Technology is just a set of tools developed to address our human limitations, and we've entered a period of technology as augmentation, where we're talking about an increasingly augmented reality. I'm developing a concept called *augmented expertise*, where I believe that the new leadership era is paradoxically *not* one of expertise as it is traditionally understood. Roger Martin has said, "Reality is the enemy of innovation."⁴ I take that thought a step further. In the augmented expertise framework, the CIO of the future is not an expert, because as Mark Herzog says, "*Expertise is the enemy of innovation.*"⁵ Don't confuse this phrase with the notion that the perfect is the enemy of the good. My response to Monsieur Voltaire is, that's fine . . . if you're *not* aiming for greatness, or perfection itself. I'm in the service business; I'm aiming for perfection and world domination. I will sometimes wait before offering something until I can do it extremely well.

We're already hearing the term, "augmented reality," and I would argue that a search engine is *augmented expertise*, where Google is my long-term memory and Twitter is my short-term memory. Here's my CIO roadmap for the coming years: more *transparency*, more *openness*, more *interoperability*, more *freedom* for the employees to bring the inherent business opportunities of the most advanced cell phone technology into the workplace. It seems to take forever to standardize this kind of freedom so that the enterprise can control how employees use it. Unfortunately most business strategies are not developed fast enough to keep up with the capabilities of the latest technology. Best Buy will soon be launching a process whereby any employee can bring virtually any cell phone into the workplace, where we will install software for security and control to simultaneously balance creative freedoms for new business opportunities and customer services. Freedom with fences.

The CIO, in particular, is in many ways an enterprise politician. While most CIOs are probably leadership experts, there are many ways that we are *not* comprehensive IT subject matter experts. There's always a struggle of focus, an ongoing paradox for the CIO: whether to protect or to destroy. Borrowing a *Star Wars* analogy, listening for a disturbance in the force ultimately comes down to listening to *customers*—a trend that is unlikely to change for the next thousand years. It's been important since the beginning of the history of commerce. Customers are speaking a truth we can always count on, more so now than even five or ten years ago, because it's getting easier for them to talk to us now than ever before, and more possible for us to listen and respond in a time frame that matters to them. With so many new channels, the job of the CIO is to apply the very old rule about listening well, and to use technology to help the enterprise do old things so much better by augmenting every employee's expertise.

Talk about one of your best examples of augmented expertise from your work with Best Buy.

One day I was experimenting with an example of a new augmented reality program on my iPhone. Twitter turns on the new search engine, and I type in "Best Buy." All of a sudden I see a Tweet, "Best Buy sucks! They wouldn't take back my laptop. I hate them." Right away I click on the customer's user name and I see all these other Tweets. Four minutes ago: "Best Buy sucks!" Three minutes ago: "I can't frick'n believe this. This guy's refusing to help me."

Then it hits me. "Oh my God, he's still in the store!" So I send him a reply: "Hey, I'm so sorry. This is Robert. I'm founder of the Geek Squad. What store are you in and how can I help?" Now, I don't want him to reveal any personal information. So I give him my number, and say, "Call me."

He calls me and says, "Here's the deal. This is the second time I've brought this laptop in for repair. I got the extended warranty, and they say it's not covered. They won't let me talk to a manager."

As it happens, the manager was in a meeting and wasn't trying to evade this customer, but nobody was left to make this customer connection. I said, "Please stand by, and thank you for giving

us a chance to help you. Would you let me try and take care of it?"

"Sure, I'm still here."

"Great! Don't leave the store. I've got your mobile number, and I'll call you back in two minutes."

So I called the District Manager and got the GM's mobile number. I call the GM. He comes out of a meeting, and he happens to be about 100 yards from the customer. Some other lower-paid regional employee felt uncomfortable going in to disturb the GM's meeting for the customer. This is a cultural issue, which as an IT leader, I address later.

The GM looks at the situation and says, "This guy is clearly a good customer, and he's not being unreasonable, although the customer is not being *entirely* correct." (I love that phrase, because the customer is not always *right*, but the customer should always *win*). The GM gives the guy a new laptop and decides to handle the paperwork on the *back end*. We tend to push the paperwork towards the customer instead of away. With a little bit of extra paperwork on our part, we can get Apple to reimburse the cost of the trouble that the customer's having. The next twenty Tweets from this customer were the payoff.

"Best Buy/Geek Squad are awesome!"

This kind of experience can *never* be completely automated, so we want to augment the expertise and responsiveness of enterprise employees at all levels. It's no different from my phone beeping at me 15 minutes before my next meeting. [Editor's note: Anyone watching Mr. Stephens' major public presentations will notice a microphone in one hand and his cell phone in the other hand]. Augmentation is a form of filtering, a rule system, and a form of attention control. There's this phrase coined by Linda Stone called, "continuous partial attention," which is about scanning continuously for opportunities across a network rather than about optimizing one's time by multitasking.⁶ We're all continuously distracted at some level. "Did I leave the iron on?" "What am I going to get my wife for Christmas?" "I've got to get to my next meeting. Did I refuel the car?"

While acting as a filtering rule system, augmentation also liberates us to be more human, creative, and innovative—leaving the clerical, technical stuff of memory and other nonexecutive brain functions to the computers. Twitter is my short-term memory and Google is my long-term memory. Technology-liberated brains leave us with more space for dreaming about art and form and color, the wonderful meal we’re going to have for dinner, when we’re going to see our best friend again, and new ideas. CIOs know better than anyone else that technology can anticipate and take care of life’s predictable details at home and in the workplace. We’re actually going to be amazed at how *human* we become in the near future and how much more human our technology has made us. A lot of people think that technology is going to increasingly depersonalize our lives at home and in the workplace. Nothing could be further from the truth.

THE CIO AND ENTERPRISE CULTURE

CIO leadership in the context of enterprise culture is a recurring theme in this conversation. Augmented expertise and information technology surely play a role in the ways that the CIO shapes enterprise and IT organization cultures.

Acknowledging that traditional CIO role expectations do not allow us to be as playful as we might like, the CIO can sometimes use industry rebels to help make the case. Co-opt the pirates within your company, or the executives who might not have the personal experience, and context for the value of playful, experimental IT exercises. For example, I just advised all senior Best Buy executives that I’m going to replace their Blackberries with iPhones or equivalent models. “You work for Best Buy. How can you not be on your own premier technology? You do not want to be using a weaker phone than your average retail, part-time employee. They already have a more powerful phone than you do, and you’re the executive of a billion dollar company. Come on, we should be eating our own dog food here.”

The excuses are lame. “Well, some of our officers aren’t technical...” This is not about being technical; we’re in the business of retailing this

technology. Think about the executive in charge of labor productivity who uses an iPhone and installs new apps all the time. That person is going to be the first to see new ways to increase productivity based on the best of our available technology—technology that’s already going to be in everyone’s pocket. It’s not about bringing the executive closer to the technology, it’s about directing them to see the advantages of better forms of the technology that they already own and use for their decision-making and creative activities. This is how CIOs help people merge their nontechnical insights with relevant information, so that we can all learn how to be better, more facile innovators. At a minimum, the CIO is responsible for making sure that the other C-level executives and all company managers maintain a relevant state of personal technology in their information toolset.

The best practice CIO monitors the ways that people become too comfortable with some technologies. Best Buy is achieving a lot of recognition for new innovations, but I feel frustrated because we could have been doing these things years ago and be even more famous for our practices! The impatient side of me that wants to have immediate impact asks why Best Buy didn’t adopt these practices faster. For example, most executives overuse email. Why? It’s the tool they grew up with. But Best Buy executives have a *moral* business responsibility to stay ahead by remaining in touch with our employee and customer experiences. Eating our own dog food is one of the best ways to do so. You know what the Ford executive is going to be driving. For the Best Buy executive and management employees, this means using the most current, best technology available to our customers.

The CIO should be aware of the first question that all employees ask in this regard. “Does that mean I have to give up what I already know?” The CIO’s answer is, “No, it’s about better ways of connecting what you already know with others who have complementary information. This is how you do it.” I see this as the “new possible.” I see this as the way that CIOs help employees self-inspire as an innovation promoting value within the company culture. Employees like to share inspirations, they communicate more readily with one another, and transform the company itself

into a social information network. Innovation is really about getting people to talk to each other.

Our conversation has repeatedly referenced IT proxies as ways that the CIO can discipline peer C-suite executives, middle management, and customer-facing employees to be more creatively responsive to innovative product and service developments. How does the information technology environment promote this agenda?

Going through the more exotic forms of promoting innovation, like the Google Twenty Percent Rule, where everyone takes some portion of the workweek to promote creativity, certainly won't work everywhere. I've learned a simpler way to frame, promote, and inspire employee innovation. I see two ways to impact a corporate culture, a customer experience, or the outcome and quality of a project, product, or service: behavioral and environmental. Now there may be some classic Ivy Tower explanation to these dynamics, but this is my layman's version, based on personal experience.

Think of the behavioral impact in terms of what Steve Jobs does. He tells his people, "I want the iPhone to have only one button and a glass screen. Figure it out." Unfortunately, behavior is unreliable, most executives will never approach Steve Jobs' capabilities, and executive charisma isn't scalable. Behaviors happen on a very personal level, and seldom on a cultural level until something else helps them along. I lost 40 pounds last summer using a GPS app on my iPhone that tracked my personal mobility and encouraged me to be more physically active. My friend Dan Buettner, the *New York Times* best-selling author of the book *Blue Zone*, uses photography to tell the stories of four of the world's longest-lived cultures that have nine habits for people to get up to 10 extra good years out of life. He said, "The way you lost 40 pounds was a behavioral change, which is very rare. Most people couldn't do it because they wouldn't stick with it. Instead of getting people to consciously eat less and exercise more, I focus on environmental changes that don't even register—add more sidewalks and make sure that they're connected."

By proxy, his environmental approach achieves a change in behavior that is, in many circumstances, unconscious, more universally accessible, and therefore, more reliable. The same approach applies to promoting behaviors like bicycling or saving for retirement or a corporate innovation initiative. Rather than addressing individual employee behaviors, I believe that the CIO can more effectively set up such an initiative with an environmental approach, using the freedom with fences principles we're discussing here.

The authority of an IT proxy as an automatic enabler of enterprise creativity and innovative behavior has a huge impact on the role of the CIO. Enterprise information can be seen as the first environment, the first platform, for affecting employee behavioral changes. As such, the CIO is arguably as or more powerful than the CEO when it comes to facilitating innovative employee behaviors and having a direct impact on inspiring creativity as an enterprise cultural value.

CIOs promote innovation as a cultural value by finding new ways to connect people. Instead of asking them to use their mobile phones to perform an informational task that would help the business, just automatically link email to instant messaging. Then, sooner or later, this information-environment proxy creates a valuable new behavior. Why do we use text messaging for certain communications rather than email? Nobody ever attended a class about why texting is more efficient. The discovery and behavior change was unconsciously enabled by the change in the environmental proxy.

The more I study the actual processes involved in evolution and natural selection, the more I marvel at the simplicity and elegance of those processes. These processes offer the CIO some clues about how to set up similar environmental proxies through technology to promote desirable employee behaviors. We have a famous saying at Best Buy: "If a Best Buy store is not given enough signage for a certain promotion, they will make it every time." We see this over and over again in so many areas, but one of my favorite general examples about the importance of environmental proxies to guide behaviors came from watching the re-landscaping process

on a college campus. After adding new contours, trees, and other amenities to improve the beauty of the campus, the administration wisely decided to simply wait and watch where people actually walked before laying out the sidewalks. Wait for the path that people actually use, and then pave that path.

RADICAL TRANSPARENCY

The C-Suite develops responsive ways for information technology to enable enterprise strategy based on emerging trends in the general economy and industry-specific environments, which include a range of elements from disruptive technologies to better customer service. How does the changing global information environment shape the formation of enterprise IT strategy?

Change is a central issue for all enterprises, and all enterprises will change over time whether they want to or not. This change comes about when the enterprise is placed in an environment that demands innovation on different terms. There's nothing like a terrorist threat or other external threat to unite internal factions. I see three forces responsible for big shifts in enterprise policy. One is proactive, based on the profit motive. "Wow! Look at the potential behind this change, and it doesn't pose any conflict with our current business. Let's line up the resources and go get this prize!" This may be a no-brainer, but it's also the most infrequent force for change. The second is reactive, based on competitive threat, where the executives say, "Oh shit, look what Amazon's doing! We've got to do this too." This force for change actually becomes very useful if you can find a way to portray it favorably by leveraging the fear.

The third and newer force is the radical transparency threat posed by bloggers and Twitter. I recently addressed the cabinet of Minnesota's governor, where they asked me about Twitter and how we listen to customers. It wasn't hard to read the intimidation on their faces, followed by the inevitable question, "Wow! What does this mean for us?" I replied, "Well, it means that you and every government executive and every other public figure and agency is at some point going to have their pants pulled down on

the Internet—just like on the playground. The bad news is that it *will* happen to you; the good news is that it will happen to everyone, including your competitors and your critics.” In a small social circle like high school, students live to de-pants one another on Facebook. A little bit later in life, everyone’s going to know when you change your Facebook status from “Married” to “Single.” These events increasingly stand out in ways that we would prefer to communicate more gradually or privately. Too bad it’s all happening in real time now.

We’re entering a Post-Perfect World, and Tiger Woods is the poster child for this significant stage of social evolution. First we all learn that there’s no tooth fairy; then we learn that there’s no Santa Claus; we learn that America’s not perfect; then we learn that JFK had a mistress; and then we learned that Tiger Woods cheated on his wife. Each new step on this path of realization is another loss. At some level we all desire perfection, and at some level we were all rooting for Tiger. In the end, imperfection humanizes the world for the CIO just like it does for the rest of us. It lowers the bar. We can be more genuine and realistic about our own performance. The Germans call it *schadenfreude*, or pleasure derived from the misfortunes of others. Since no company is perfect in this Post-Perfect World, the new standard is about how hard we *try* to be more perfect, like Toyota’s response to the gas pedal problem. The *transparency* of social media demonstrates how hard we try.

If your company loses *one* piece of luggage, everybody’s going to hear about it. A Domino’s Pizza employee picks his nose on video. Although he wasn’t even doing it on a real pizza and was only joking, he caused millions of dollars in damages. But if you go online and Google “Colbert Domino’s Pizza” you’ll be able to watch a remarkable video. He names Domino’s (one of his own sponsors), as his “Alpha Dog of the Week.” Colbert saluted Domino’s Pizza for admitting that their pizza was gross by using their own commercials before he sums matters up for his viewers:⁷

So to recap, Domino’s old pizza’s cheese:

- Did not taste good
- Had no aroma
- Was not cheese

. . . and, because they are an Alpha Dog, folks, Domino's is *not* apologizing. After all, we're the human garbage cans who bought these trash disks by the millions. Domino's is advertising that they simply weren't fit to wipe your ass with. Well folks, I have tasted the new pizza [takes another bite], and there are *so many things* I would rather wipe with it.

What really makes Domino's an Alpha Dog is not how boldly they're copping to the widespread . . . nay, *universal* condemnation of their products. Now the reasons for this shift were recently laid out by Domino's CEO, David Brandon, who admitted that though they scored high marks for service and delivery, "The weakness in our value chain with the customer was really in our core product."

So Domino's, for joining the great corporate tradition of screwing your customers and then having the balls to ask them to come back for more [Goldman Sachs, Citi, Fannie Mae, Bank of America, and AIG logos appear on screen], you, gentlemen, are my Alpha Dog of the Week.

Domino's basically allowed him to twist their press release, run them through the ringer, and come out smelling like a rose. This is what radical transparency can do by means of Twitter, YouTube, bloggers, and the other methods. Think about the ways that the press, as never before, gives us direct access to our government leaders and bypasses what Congress (government's middle management) tells us. The Fourth Estate has never been so involved in private enterprise. The Best Buy and Geek Squad ad agency is Crispin Porter & Bogusky, who are very good with challenger brands. They use an asymmetrical guerilla approach to rejuvenate brands like Burger King, when their restaurant business was losing out to McDonalds. Recognizing that the core audience was 18–24 year-old males, they developed the Whopper Freakout ad campaign where they simply took the Whopper off the store menu and filmed the boys' actual responses. This is a logical, intelligent, commonsense approach.

In this emerging era of radical transparency, Domino's can publicly demonstrate its own understanding that customers won't settle for the company advertising line any longer. We can't trust any-

thing after Tylenol and Tiger Woods and Toyota. So what do we believe? We believe it when Domino's gives us the real video from customers about its cardboard pizza crust and tomato soup pizza sauce. This never would have been possible without the Fourth Estate. Just like Domino's, the enterprise reaps the greatest opportunities of radical transparency when it embraces those principles head on.

Remember that this doesn't mean that you have to take off your kimono on day one. Freedom with fences. Fences and filters are the ways that the enterprise defines what the brand stands for. Rules are important, but the rules need to be able to justify their own existence under all future conditions. Since this is impossible, since no policy is perfect, all policies need expiration dates so that they can be updated in a timely fashion. It's just like milk in the grocery store. The CIO needs to remove systems from the shelf before they reach their expiration date and sour the employee or the customer. Radical transparency helps us keep fresh, but only if we pay attention to and manage these new information sources.

PROACTIVE RISK PRACTICES

In a world where information technology has become a tool for increasingly aggressive attacks from the competition, how can the CIO use information technology to proactively address these threats?

In the radical transparency model, where external threats increasingly become an unpredictable force for catastrophic change, the question becomes, "How do we become more proactive like Domino's?" I don't have all the answers, but I've gathered a few clues, and the CIO is central to the solution because it all comes back to data. How can we *simulate* external threats? Can we gather the data and audit ourselves? Some people in the organization will be inspired to change through the narrative of storytelling; others require data. "I need hard facts and actionable intelligence before I change the Homeland Security Threat Level." How do we give this kind of actionable intelligence to those who need it within the business enterprise?

The constants in this interface will always be human factors such as inertia, the natural selection of environmental proxies, and inattention. This is an important issue for the CIO. For example, every time I boot up my corporate PC, I get this message that says,

“WARNING: It is company policy that you will keep all your computerized information confidential ... blah ...blah ... blah. Click here to accept.”

I click to accept. But guess what happens after about the fifth day? I don't even read it anymore before clicking. The CIO understands why the enterprise needs to have that warning, and the CIO is about the only person responsible for the effectiveness of that important message. One solution to crisis fatigue of this kind would be to change the language of the message every day—or change the color of the background—or move the click button—or place a basic math equation to enable the boot. Never give employees the same screen twice if the routine safeguard is truly important. Mixing it up and rotating different options allow the CIO to battle crisis fatigue.

There's another time-proven but seldom-employed method for proactively responding to the threats imposed by radical transparency—the fire drill. The CEO and CIO have to run fire drills to keep their jobs in this pull-the-other-guys-pants-down Internet environment. What happens when a customer with a valid concern sends a Tweet, which then gets re-Tweeted, which then gets picked up by a consumerist, who blogs it, which then triggers a dateline by NBC? How much might that cost a company? Now the CEO and CIO can put their resistance to change in context and model the same behaviors for all enterprise employees. We've anticipated tons of scenarios—Geek Squad agents driving drunk and killing a family of four, inappropriate behavior in the home, data privacy violations such as touching customer digital property in the store and in the home—and we do this in conjunction with operations, audit control, loss prevention, and public relations. We get together regularly and maintain an evolving crisis plan, but we don't just build them to choreograph contingency plans for assigning blame; we use the plans to prevent blame.

As we're talking, Geek Squad is getting *killed* in the press about a service we offer on new PCs called "Optimization." A consumer Web site has performed its own tests and "proved beyond a shadow of a doubt" that it's a "rip-off." We've run this service for a long time, customers had perceived it as valuable, but we were actually in the process of ending it. We were going to kill it a couple of years ago, but Vista was so bad. So we had a service with a good track record, we knew Windows 7 would probably be better and negate the need for this service to some extent, and we already had the plans to kill this service. On top of all this I've actually hated the service for two years, but *shame on me* for not killing it when I wanted to, or alternatively, stepping in with the data to demonstrate its value.

What could I have done? I have a very clear answer . . . *now*. I wish that I had just gone to the store, pulled out the top-five best selling PCs, videotaped my own grandmother opening each product with a stopwatch, and document the time it took her to remove the computer, install the software, remove the crapware, and follow it with all the other things offered in our \$39 Optimization service. Then I'd repeat the same recording with one of our Geek Squad agents performing the same steps. We then get to say, "We're charging you \$39 dollars for something that it will take you at least two hours to complete, and you'll know you've got it right. Make your own choice."

Best Buy is an ethical company. Best Buy already dropped rebates a few years ago, and the CEO is almost ready to offer a refund. We may still end up doing this as part of our response to the blogger radical transparency factor. I keep reminding myself that I'd voiced my concern about this service in meetings for two years, and I remember seeing that the crowd has no mind of its own. Where's the one throat to choke?

This is part of the problem of managing innovation and change within the enterprise, and being aware of the human factors that resist change is critical for the CIO's own human tendencies to resist change. I should have done that videotape; I should have become my own internal blogger. Then I should have become my

own internal investigative journalist to do a dateline report on Geek Squad's Optimization service. This would work to freak out the other decision makers in the enterprise, because I can tell them, "This content could have come from a real blogger. We need to either change this policy now or present its merits in a different light." All executives tend to think of audit as a financial function, but the CIO (along with the marketing group) can use informational audits to proactively keep up the pants of the enterprise.

THE CIO AND THE CUSTOMER

Like the CFO, the CIO is arguably responsible for the equivalent of an enterprise "utility," where employees and other stakeholders expect to hear a dial tone each and every time they pick up the proverbial "receiver." With the incredible number of active relationships in which CIO responsibilities may appear to conflict, how do best practice CIOs manage to strike a balance?

Relationships with executive peers, enterprise employees, IT employees, customers, competitors, and business partners all compete for the CIO's attention. As margin protection comes from value-added services, services within Best Buy have become a hybrid, where Geek Squad offers a kind of enterprise capability, like IT in most companies, but where we're also highly customer-facing. In this sense, the CIO works to be close to the "customer" within any enterprise. Without presuming to speak for the many different ways that CIOs serve their specific mission and strategic mandates in different enterprises, *all* enterprises and IT organizations have entered the service business in one form or another. More and more, the enterprise is composed of several service divisions, even those companies that traditionally see themselves as strictly manufacturing entities. If someone in your enterprise answers the phone, you're in the service business. Sending out invoices is a service.

Ultimately, every service business relies on two core capabilities: people and process. Invariably, process is driven by IT systems in

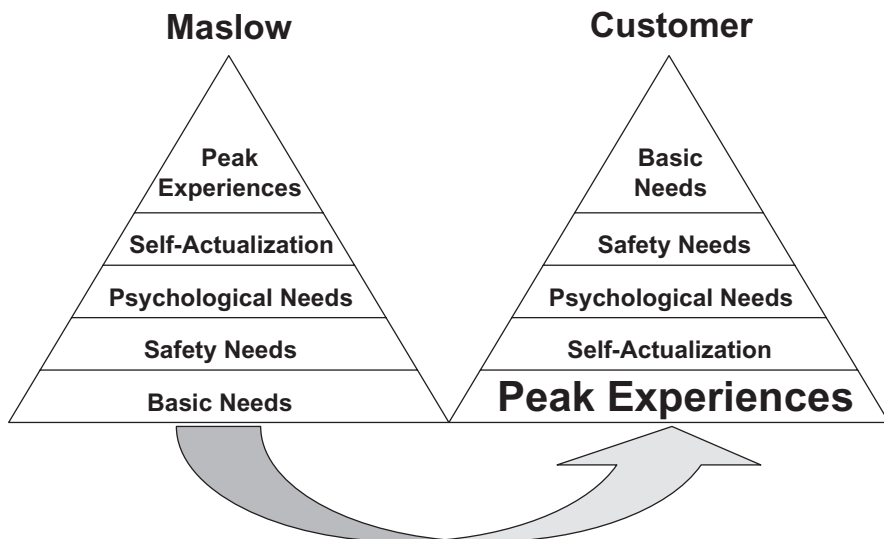


Exhibit 1.1: The Customer Needs Hierarchy

Source: Adapted from Abraham H. Maslow, "A Theory of Human Motivation," *Psychological Review* 50(4) (1943): 370–96.

our Knowledge Economy, and what I see as the emerging *Curiosity Economy*. In some sense, humans are only there doing tasks that the IT system has not yet become capable of performing.

In the Post-Perfect World of radial transparency, I see a reversed form of Maslow's Hierarchy, a Customer Relationship Hierarchy of Needs, as a way to resolve competitive conflict for the CIO's attention. In a conventional Maslow's Hierarchy of Needs, safety and security are the foundation (see Exhibit 1.1). The Customer Relationship Hierarchy sequences the ways employees address the customer's peak experiences by placing employee creativity and problem-solving first. One principle in this kind of practice is that whoever's closest to the customer wins. The CIO needs to work with all employees to move complexity away from the customer, not towards the customer. When it comes to the increasingly ubiquitous role that technology plays in the relationship between the enterprise and the customer, the CIO is responsible for making sure that the customer experience maximizes simplicity and minimizes complexity.

How do you achieve this with Best Buy or Geek Squad customers?

The relationship between the customer-facing employee and the customer is frequently handicapped by the outdated practices designed into increasingly short-lived legacy systems (ones that often haven't even been amortized off the balance sheet, leaving no money to invest in a better one). Someone working close to the customer who wants to improve the experience with an on-the-spot creative inspiration is told, "No. Our system can't do that. Make do with what you have." In other words, "Compromise the customer experience."

The resolution to this situation also requires the CIO's leadership to break down competing priorities so that the employee can make the best decision for the customer on a case-by-case basis. Geek Squad's motto is, *Cura et Celeritas*, which is Latin for "accuracy and speed," and synonymous with effectiveness and efficiency. I emphasize that this is a *three*-word motto: accuracy *and* speed. One word may symbolically come before the other, but the word "and" communicates that the goal of every action, process, and system should be to enable a Geek Squad agent to effectively address a customer problem on the first attempt *and* do so efficiently.

Both of these goals are noble and serve the customer well, so which one takes priority? This motto is also there to guide agent priorities whenever one business task or objective appears to compete with another task or objective. If this means giving the employee overtime to work a longer day and do things right the first time, that goal trumps more conventional determinations of efficiency standards in the Geek Squad workplace. If an agent needs to be less efficient to preserve outcomes, then so be it. The message behind this motto has held up over time, and the key to its success has been for leadership to prevent anything from being coded into decision-making and management policies when it comes to customer resource allocations that support this motto.

In terms of relationships with executive peers in this context, the CIO assumes that executive peers share customer-facing employees' creativity and problem solving priorities while remaining vigilant

for paradoxes. I use this rule to apply as a lens for discerning paradoxes as they arise. When listening to the perspectives of other executives, I use this lens to determine whether or not any given issue has been appropriately prioritized from the *customer* perspective. Are we complicating or simplifying the customer experience? I go so far as to say that the customer experience is really a by-product of the employee experience, and as such, prioritizes all the CIO's other relationships accordingly.

If the executive team really wants the best customer experience, they need to focus on the customer's perception of outcomes, and the employee experience is the most accessible part of this equation for executive management control. For example, whenever we test a new product or service launch, I put multiple cameras on the employees to count the number of steps or clicks or forms that need to be completed under the constant assumption that I need to "Twitter" their processes—I want to eliminate redundancy and tasks that employees don't like and that don't add value to their work for the customer. This improves the customer experience through employee proxies, and improves the employee experience because they're less fatigued intellectually and emotionally. No employee goes to work wanting a crappy experience. This practice has the added benefit of helping me sort out the crappy process from the crappy employee, so that the customer experiences neither.

I use another observation technique to sort out and perfect customer experiences in terms of the contributions of the process and the employee. When a single employee ignores a process, the employee is the problem. When several employees, locations, or business units ignore a process, the process is the problem. There's no other way around it. This kind of employee/process phenomenon can't be controlled, but if the CIO is smart and observes the dynamics of these phenomena, the business can adapt and take advantage of these conscious and unconscious employee behaviors throughout the enterprise and in the enterprise IT organization.

This seems to be a huge leap of faith for the day-to-day work lives of enterprise employees, both in the IT organization

and those facing the customer. Describe some of the ways that the CIO can sell radical transparency practices to these employees.

When we look at the performance of Best Buy stores in terms of quality and reputation, we find no geographic rhyme or reason for the differences except that great, engaged leaders have great, engaged employees, and customers follow quickly behind. We're in a transition period now that can be traced to declining margins from Asian manufacturing and competition driving smart managers to adjust their management style and find new sources of revenue from areas like service. Some managers continue to struggle and pursue old habits. One of the ways to solve the problem of middle management "consistency" is through the concept of radical transparency, where customers and other employees enforce the new SOP. Enterprise transparency allows for the development of practices that bypass middle management, where executive leadership speaks directly to frontline employees. Employees can then use this to sort out conflicting messages based on old habits that they hear from their managers.

One could argue that middle management only exists until systems are developed to take their places. Radical transparency is about rapidly collapsing that middle layer and putting the CEO, CIO, and other C-Suite executives in direct contact with the customers, to more efficiently direct resources and give the customers what they want. These parties really don't want to have anyone in the middle of their relationship. [Editor's note: Gary Cokins discusses the financial elements of this dynamic in Chapter 6.] One could also argue that the traditional CIO and other senior executives have effectively (but unwisely) in-sourced the customer relationship experience to middle management. This kind of in-sourcing increases the distance between key radical transparency decision makers. While some middle management will always be necessary on a practical level, the goal is for the CIO to develop the means for middle management to enhance the executive/customer relationship, rather than get in the way.

CIOs who promote radical transparency principles understand that some employees will initially be afraid to speak up. For example,

good Best Buy general managers usually post their email addresses, but some are afraid to do this. Who wants to have customers screaming at you all the time? They don't know how to handle the customer emails because they haven't set up a response process. Part of my job is to equip them with appropriate response tools as part of their working environments so that they don't feel overwhelmed. Over time, middle managers become more comfortable with transparency practices. The right IT environment promotes transparency behaviors.

When employees are afraid to post their phone number because they're going to get too many calls and become overwhelmed, the CIO and the executive team needs to remind employees that it's like cleaning out the garage. Yes, the initial clean-out is a lot of work, but it informs people about the enterprise culture and what the enterprise managers have to do to achieve *Cura et Celeritas*. After this initial investment, maintenance easily keeps it from being overrun again. Not every manager in Best Buy is perfect, but they tend to be pretty competitive, and this sets a standard. Once one or two managers take off with a new practice, the rest soon fall in line.

The general managers that have already made their email addresses available to store customers are farther along, but they're usually posting the addresses in places where customers see them on their way *out* of the store. I want to see the email address in every aisle and above the customer service desk, where the new customer service standard is a sign that says, "If your experience isn't perfect, see me or send an email to . . ."

We're evolving. Many Best Buy stores now have their own Twitter accounts, because while email remains efficient it's not as efficient as a text message. So the sign of the future will invite the customer to send an email, call a phone number (which will also be transcribed like Google Voice, and also emailed), text message, and Twitter the store managers. This invites the customer to choose how to participate in quality control, and it reminds the employee that the manager is listening.

The CIO's responsibilities for creatively, but safely, managing the enterprise identity through brand and customer expe-

rience have become a recurrent theme in this dialogue. What lies ahead, and how can CIOs prepare the enterprise and IT organization?

For a peek at the future, go to the Best Buy store locator page for a harbinger of the practice trend I'm talking about here, involving customer-facing enterprise employees. As with other enterprises, people tend to think of *bestbuy.com* as *the* company Web site. I think this concept is aging fast. One could argue that the fleet of iPhone application sites are now as or more important than the Apple Web site. The store locator pages of the future won't be static lists of addresses, links to Google maps, hours, and phone numbers. When a customer goes to *bestbuy.com*, clicks on store locator, and enters a zip code, the store locator pages are essentially customized store blogs where the general manager can now have direct control over the page and customize this heavily used customer interface. Without going through the Best Buy enterprise IS, department managers can post news, deals, Twitter feeds, photographs, and other elements of what they perceive to be customer interests, right down to the store's favorite charities.

The future of *bestbuy.com* is no longer the corporate home page, and customers will use the customized locator page as a portal to their local store, which feels more *personal*. We've all heard stories about local Wal-Marts in Texas selling rifles and Target Stores in Miami selling a locally sourced line of boating products—enterprise customer-facing employees instinctively know that this is the wave of the future, and best practice CIOs work to harness these employee-related insights and customer-facing opportunities.

In the end, Best Buy is creating the means to allow the customer to help us make our most important decisions through our customer-facing employees. Once these freedom-with-fences practices become the norm, the open channel to the customer will be almost impossible to manipulate. Customers will become increasingly comfortable with using these channels once they experience the degree to which they are affecting enterprise decision making. These practices will actually decrease the amount of work that employees, managers, and executives must perform.

Another important after-effect of radical transparency and enterprise identity management is the training of customers to police *each other*. Companies have started to learn that “In terms of quality assurance purposes, this call may be recorded by the *customer*.” Consequently, that frontline, minimum-wage, hourly employee is learning very quickly that the customers can hold them immediately accountable. “Hey, I’ve got your boss’ Twitter account, and my finger is poised to send a nasty message. We can do this the easy way, or we can do it the hard way.” By proxy, the CIO will experience more and more pressure from the frontline managers for new systems to be able to listen and respond to customers faster. Then the CIO can turn to the CEO and more forcefully request, “Please give those frontline managers what they need to capture this customer information.” While responding to the requests of these frontline managers, the CIO’s responsibility becomes one of predicting different forms of possible futures. CIOs know where information system development is going before the CEOs or the GMs, so they need to skate ahead of the puck.

While employees and customers will increasingly have a finger on the enterprise Web site input and edit button, the CIO controls this functionality. For example, Wikipedia has not become a Wild West of the Internet despite its user openness. It aims for a democratic consensus, but an aristocracy comes into play when issues cannot be resolved by consensus. Rather than employ a dedicated staff of content editors and fact-checkers, sometimes the aristocracy takes over and declares martial law to lock down the page on Islam or the Profit Mohammed (peace be upon him), or a hotly debated political issue like Iran. In the event of a really big decision, the monarchy assumes control, and Jimmy Wales makes the call. All these layers can operate simultaneously when rules and filters based on enterprise policy guide employee and customer input on the Web, and the CIO introduces safeguards to protect against brand anarchy. Brand differentiation must be maintained to remain successful. The only way CIOs are ever going to understand where those fences need to go is by exercising that other brain hemisphere: by riding out on the range—(camera phone in hand) by playing on Twitter, by downloading and using mint

iPhone apps, by hanging with hackers, and yes, by going to customer service conferences. Best practice CIOs don't need to become radicals, but they really need to know a few.

CIOs can use augmented expertise to direct the application of technology where superhuman employees provide a level of competitive differentiation while safeguarding the brand in the Post-Perfect World of radical transparency because the technology-augmented employees prevent dumb mistakes. All too often, the CIO and IT organization fall into the trap of simply treading water while trying to manage the budget, forgetting to look ahead to the future, and build what comes next. Ideally, the CIO has already detected what employees across the enterprise need from information systems, anticipated how systems might provide critical information, researched what is possible (and impossible), and provided an early warning toward establishing a collaborative partnership with other enterprise employees for ways to close the gap.

Yes, the CIO is tasked with reconciling budgets and doing more with less. A good CIO gets ahead of such problems in that part of the job that deals with predicting and planning for possible futures. The CIO isn't a glorified short-order cook taking orders from employees. On top of perfection and reading the future, a good CIO's job is to read minds. Welcome to the C-Suite.

THE IT ORGANIZATION

Perfectibility has been another running theme in this conversation. Describe the ways that the CIO can work to improve the awareness and performance of the IT employee, to perfect information technology services for all enterprise stakeholders.

CIOs should have the least personal inertia of anyone in the enterprise, and I see no excuses based on enterprise size, age, adherence to an operational status quo, or other factor. While a CIO may be prone to personal inertia based on a personality issue, enterprises and CEOs would be wise to look for someone with a low personal inertial moment as a basic criterion for any CIO hire.

I'm always amazed by the work of Socrates, Plato, Aristotle, and the Greek playwrights because I can't conceive of what I might do or write that would still be relevant in 3000 years. At the same time, when Plato writes in his *Republic* that a city becomes unmanageable once it grows larger than about 100,000 citizens, I feel challenged. I believe that information technology allows us to expand past some of those previous limitations because we can form vastly greater numbers of connections over greater distances than ever before, thereby redefining our human limits. The size of organizations becomes a source of opportunity rather than limitations. I understand why people still believe that big government can't be effective, but they're still thinking in terms of how government managed in the 1970s or ancient Greece. A government that knows how to use technologies of self-service could do healthcare more efficiently than we might think. Not as efficiently as we all might like to see in the time before our current Post-Perfect World, but such a government is capable of far more efficiencies than most people have come to expect, based on their dated view of size related to efficiency.

I see the same dynamics where the companies of the future no longer depend on the genius CEO because they will have very secular, agnostic, curious employees. Curiosity is the future's most important human trait. The Knowledge Economy will yield to the Curiosity Economy, where people will say, "I don't know everything, but using the power of search, both inside and outside the enterprise, I can find the *answers we need*." The employee I now value is not the knowledge worker but the *knowledge seeker*, and this is my vision for Geek Squad going forward.

I used to think that I could train anybody to do anything, but then I learned that there are some skills that cannot be trained. These are the skills I look for when I hire. Looking at hiring from a chronological perspective, an enterprise will bring on talent at its inception. After that, leadership activities focus on recruiting better and better talent. Part of my training practice is to show my current people how to hire the best new people by asking them to look for three skills that I believe are essential for our work but impossible to train: curiosity, ethics, and drive.

Curiosity is tops for a very important reason. With the growing importance of search in the Curiosity Economy, where finding usable information is the coin of the realm, it's less important that an employee knows something than that they can locate the data that leads to an answer. I find that any subsequent training I give such employees sticks much better: They tend to be more contributive, they're more engaged, they seem to naturally do what the enterprise needs them to do. It's very easy to take this kind of employee on a long journey of expanding their points of view. It's so much easier for the CIO to get what the enterprise needs when the employees know what they're looking for and know how to look creatively while driven by their own curiosity.

As leaders, CIOs can encourage curiosity while inspiring innovation and creative thinking through playfulness, and the first thing the CIO must do is model that behavior. My nickname around here is "The Reality Distortion Field," where the message is one of permission: If I can do it, you can do it; because I'm doing it, you're also expected to do it. I first learned this working in the laboratory of a college professor. We were building a flight simulator for the U.S. Navy that turned into an after-hours video game machine. He also encouraged us to surf the new Web browsers that were coming out in 1991 and 1992. I asked, "Is it really okay for us to be using these expensive, federally-funded government computers?" He replied, "Yes! It's essential to your research. When you're playing, you're relaxing, you're opening up your mind, you're going to come up with all these new ideas. I expect you to play with this gear. Mess with it! Take it apart! Hack it!" This is how the CIO can facilitate everyone in the IT organization to use technology creatively. Take what you know and experiment.

Looking at either Best Buy or Geek Squad, describe some of the specific ways that you model and encourage IT organization performance.

Socialization is arguably a form of play, and since play is the most effective and primal form of learning, it's a huge opportunity for the CIO to build a culture of curiosity and learning within the IT organization. People learn when they work and when they play

together. We now know this biologically,⁸ and meetings should be fun. This doesn't mean goofy or nonproductive; it means engaging. We watch TED videos at Geek Squad, and I like to take my teams on right-brain curveball outings, like last month, when we took a tour of "The Louvre and the Masterpiece" exhibit that came to the Minneapolis Institute of Arts.

My take on effective humor is to find the serious and exaggerate it. This includes Geek Squad Agent uniforms, the cars we drive, right down to the shoes we wear—where our logo is imprinted on each sole—leaving countless reminders for customers around the world with every step an agent takes in the snow, rain, mud, or dust. Things are only funny because they're true, so the idea is to take the truth and stretch it to the point where it becomes newsworthy. But it becomes more than newsworthiness for the employees, it becomes internalized. In the beginning, employees used to complain, "Why do we have to wear a uniform? No one's ever going to see me in here fixing laptops."

That question gets answered through the agents' first-hand experiences. For example, when we introduced Geek Squad City, a national laptop repair facility, the concept started out as a gigantic, warehoused repository for efficient, quality computer repair. We weren't very far into the development process when I said, "Wait a minute . . . there's going to be 600 Geek Squad Agents here. This isn't a depot; it's a city—the largest concentration of Geeks around. Let's not lose this!" As we prepared our agents for the launch, I told them, "Hey, you're not going to find a cure for cancer in this building today, but the cure for cancer could be on the next computer you fix, and that's how close you are to history. So act like it." That's why I like the uniform. That's why we wear uniforms. It's important how we behave when no one is watching. Now Geek Squad agents like to have their driver's license and passport photos taken in uniform.

And perfect performance?

Perfect service means listening to customers, which so often means listening to complaints. But the creative approach doesn't wait for the customer to become unhappy. Rather than relying on

automation as a responsive, state-of-the-art practice, a best practice CIO encourages people to build new processes that anticipate and prevent. For example, from a Best Buy perspective, rather than becoming faster at fixing a broken refrigerator, we want our employees to learn how to *anticipate* when our different models of fridges will break, and use the data to *prevent* them from breaking. The CIO and other C-Suite executives can't do this without the curious customer-facing employee who listens. Teach your employees how to swim up the food chain and work with your suppliers. "Your compressor belts fail after 9 months. Design a better belt if you want us to keep carrying your equipment." If they balk, turn to the customer. "Hey, we tried to tell Frigidaire to fix this problem, but they wouldn't listen to us. Before it leaves our store you can give us \$30 to install a better belt so that it will work much longer for you." The next thing you know, we make money and the customer's happy. We're moving from automation to anticipation/prevention, which like in healthcare, is the most mature state of being.

I have all of the speeches I give around the world recorded so that my Geek Squad agents everywhere can watch them. I encourage them to be experimental the same way. Where most teams used to turn out a bullet-point email report listing the things they accomplished in the last month, I requested something different. I handed out a batch of iPod touches and told the teams in China and Turkey and Spain that I wanted a personalized monthly report format. "Instead of filming yourself sitting at your desk telling me what you did, take the camera and film yourself on the streets of Izmir in Turkey. Tell me about the city and what it's like to work there. Use the camera to show me what you do and how you succeed at your work. Let me get to know you."

The device we're employing here is to humanize the enterprise with playfulness. I send a message internally. Experimenting playfully with original ideas is a way to come up with new products and services. Just as important, the playfulness also sends important messages to the customer. We don't take ourselves too seriously,

we're reasonable, we're going to give you a good experience, but we're never so arrogant as to lose either our sense of humor or our ability to listen. So no matter how big we get, our culture and our employees will still be very human in providing service to our customers.

CIOs need to serve everyone, and their relevance is central to the enterprise. This happens when the CIO rails on all levels of the enterprise to use the best, most current personal technology and teaches them the best ways to use that technology. C-Suite executives balk? Unacceptable! We need to be eating our own dog food. As I ring this bell, I credit our Best Buy CIO, who listens and gets it while trying to balance Sarbanes-Oxley and SEC laws with our commitment to radical transparency. Unfortunately, some fences are so long, high, and wide that they leave the enterprise and the CIO very few choices. Radical transparency has trained me not to harbor any illusions of control, but to aim for a goal and do my very best to fail in the right direction.

NOTES

1. Richard Florida, *Rise of the Creative Class* (New York: Basic Books, 1992).
2. Daniel Pink, *A Whole New Mind: Why Right-Brainers Will Rule the Future* (New York: Riverhead Trade, 2006).
3. Peter Schjeldahl, "The Art World Then and Now: Bronzino at the Met," *The New Yorker*, February 1, 2010, www.newyorker.com/arts/critics/artworld/2010/02/01/100201craw_artworld_schjeldahl.
4. Roger Martin, www.creativeclass.com/creative_class/2009/02/20/reality-the-enemy-of-innovation/.
5. Mark Herzog, http://twitter.com/runner_dude/status/3535831381.
6. Linda Stone, <http://lindastone.net/category/attention/continuous-partial-attention/>.
7. The following excerpt is a transcription of the television show that aired this segment from www.hulu.com/watch/119131/the-colbert-report-alpha-dog-of-the-week-dominos-pizza.
8. National Research Council and Institute of Medicine, *From Neurons to Neighborhoods: The Science of Early Childhood Development*, Committee of Integrating the Science of Early Childhood Development. Jack P. Shonkoff

and Deborah A. Phillips, Editors, Board on Children, Youth, and Families, Commission on Behavioral and Social Sciences and Education. Washington, D.C.: National Academy Press (2000), pp. 165–169, and Mark K. Smith, (1999) “The social/situational orientation to learning,” *the encyclopedia of informal education*, www.infed.org/biblio/learning-social.htm. Last update: September 3, 2009.

