Interview with:
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MIS Quarterly: What do you believe top executives in general expect from their information function, compared to what they actually receive, and what do you see for the future?

MR. CLARK: Historically, the information systems area has unfortunately been confused with the computer itself. It has meant hardware, processing, and massaging of data to create information. I personally have been involved in this area in the last nine to twelve months. I find that the computer itself is almost an anchor. People become caught up in pride of possession — who's got the computer and what the hardware is — and forget that it's just a means to an end.

Another problem, I find, is that everybody thinks he's an expert on the subject and no one really is. I think our company has progressed very, very slowly in data processing in the last ten years and I attribute this to an inconsistent management understanding of our true objective. My true objective for this area is getting the appropriate information to the various decision levels. Information requirements are not always the same. In spite of what individual managers at various levels of management think of themselves and their personal skills as managers, there is not a consistent recognition of what information is

needed to make decisions. Our responsibility in upper management is to bring about a more conscious recognition of the information that each individual needs. Once they are aware that certain types of information are required at the various levels, then the systems can be developed more easily.

MIS Quarterly: Assuming that most information needed by top executives is not likely to be produced by computers, how would you describe your principal source of useful information?

MR. CLARK: Let's look at the major types of information that are needed by upper management in our business. We need the traditional financial information — the balance-sheet and cash flow. This is the kind of information that management has wanted for years, so it is relatively easy to produce. That's a very mature part of the management game.

There are other parts of our business that are very important. We're in the business of merchandising on a very fast cycle with a consumer product that is exposed to all sorts of uncertainties in the market place. Inventories are very important. It's very important to our top management to manage our business at the "line planning" level, using a line planning calendar. Either a division is on time or it's not. That is information that top management should have in this company. The existence of excess inventories should be reflected in perpetual inventory records and the records have to be processed on the computer. Inventory information does not exist in our company, at least not to the extent that it should.

MIS Quarterly: Do you use Management Science Operations Research, or some other form of methodology in planning your inventories or attempting to optimize them?

MR. CLARK: No, we don't use those techniques, but we have a very complete profile of requirements for effective management of apparel inventory. In our industry we're not talking about a General Motors or U.S. Steel or a large chemical company that's highly institutionalized. We're at the bottom of the ladder when it comes to the institutionalization of the business. We're reinventing wheels that other industries invented a hundred years ago.

MIS Quarterly: You mentioned planning. Since information services impacts upon and is impacted by all aspects of the company, is information services represented in the planning process from the beginning, or are they the recipients of the end product?

MR. CLARK: Unfortunately they are the recipients of the end product. Information in our company is not up front enough.

MIS Quarterly: Why is that?

MR. CLARK: It's the management philosophy that has grown with this company. We've had an important change in philosophy. In a diversified apparel company with many divisions, the relationship of the corporate controller to the financial area and the divisional controller is a dotted line — a very heavy dotted line relationship.

MIS Quarterly: Often those lines are as strong or as weak as the people in the positions. The lines are actually more a function of the people than the company.

MR. CLARK: We speak in very firm terms about that dotted line relationship. Previously, corporate control was the only corporate function that had a dotted line relationship with the divisions. Just in the past month we issued a policy creating the same kind of situation in our MIS area. The systems and information people in the divisions now have a dotted line relationship on the organization chart similar to the controllers.

MIS Quarterly: To whom does your lead information executive report at the corporate office?

MR. CLARK: The manager of information services reports to me.

MIS Quarterly: How do you evaluate or what criteria do you use in evaluating this executive in the performance of his job? How do you measure performance as it relates to function?

MR. CLARK: I spent a week at IBM in their chief executive officers' session in August and I asked that question five times — how is this done? I recommended that they spend a little time on that subject. I really don't know how and I haven't found anyone else who can say any more. It's like any other function, yet it isn't.

MIS Quarterly: How do you discover what information ought to be available to your managers?

MR. CLARK: The head of MIS and I toured the company. We had two-day interviews with the management of each division on their perceptions of their information needs. We took an inventory of their information needs, their systems, and their ability to generate the information and provide a timely, accurate response to inquiries. We consolidated this information and had our corporate group review it, evaluate it, and try to structure the needs. We attempted to come up with a matrix of what is needed, what various divisions have, whether they have it completely or partially or don't have it at all, and make some kind of evaluation as to where we're going.

MIS Quarterly: What you're doing then is changing.

MR. CLARK: Yes. We put this all on a time scale of three years. We project at the end of three years, in our judgment, this is what the divisions will need and this is what we think about it. In some cases we imposed our thoughts over division plans. We said this is the load requirement for the next three years. We then put man-months of time on the plan and tried to break the total into definable pieces. Then we had a meeting of our Management Information Steering Committee, composed of the President, Chief Operating Officer, the Chief Financial Officer, and myself as Chief Administrative Officer. We presented them the information needs, as we saw them, after three or four months of study. We made a policy recommendation. This was a very complete policy with procedures and practices for developing the hardware requirements. It also included a program for standards to develop consistency throughout the company. We defined the computer network. We got into the whole question of distributive processing, and evaluated the hardware and the processing requirements. We put the plan together and said this is what we are doing in this company, and specified the cost. We compared this amount against the money we thought we had available and we chopped the mountain in half.

MIS Quarterly: How do you set priorities?

MR. CLARK: We cooperatively set the priorities after we've spent enough time with the division presidents and discussion among ourselves in the

upper management group. The Executive Vice President of Operations, the Chief Financial Officer, our information people, and I discuss the issues until the priorities fall into place.

MIS Quarterly: You apparently had no formal structure. Was there "give and take" in setting those priorities?

MR. CLARK: It was a formal structure in that we had a starting point and an ending point. We said that by the first of the year we were going to develop a complete information plan for 1977. You asked me earlier, how do I evaluate the Director of MIS? I think I have now, for the first time, a means of developing some kind of assessment standards. As a matter of fact, he and I are meeting this afternoon with the now revised '77 plans which we've broken down into objectives for the first, second, third, and fourth quarters and the year. This will be my approach to evaluating him. I've worked with this person for many, many years and we have a very close working relationship.

MIS Quarterly: When you decide how much you want to spend, is this in response to the needs and plans of the people throughout the company?

MR. CLARK: From a staff point of view, we've been working for a number of years in the inventory area. We've been trying to determine the decision steps and the information needs from the conception of the idea, the selection of fabric and color, to the creation of a merchandising plan. We've done a lot of work on that and we're very prejudiced in what we think is right from a corporate point of view. Unfortunately, I haven't been able to sell this completely because the industry is a "seat of the pants" type. We have the Seventh Avenue type of mentality in the apparel business that says, "PLAN." If I don't know what's happening this afternoon, how can I develop a plan for what I'm going to do tomorrow? So, logically, we say that to have a well-managed inventory we have to go consciously or unconsciously through every one of several steps. Certain information is needed at certain points. Again, we're strongly prejudiced about what we think is right. We think the gap between the operator, who has to make the decisions in this chain of events, and us is narrowing all the time as we upgrade people. I think we come to a point where it's more of a combination — it's a combined decision about that priority consensus.

MIS Quarterly: If you were looking for a new head of your information function, what kind of person would you look for?

MR. CLARK: I don't know; I'd hate to look for one. It isn't as clearly defined a function as is the controller of the corporation. I just think I'd go out and start interviewing people who said they were qualified and begin to compare them with other managers. I would like to know to what extent he had intellectual curiousity. I think he'd have to have a very high level of intellectual curiosity to understand the decision process. I wouldn't care whether or not he knew much about computers.

MIS Quarterly: Do you use outside organizations, such as consultants or a public accounting firm, to help you evaluate your systems?

MR. CLARK: We have used engineering type firms. One firm helped put in a master schedule system in our White Stag division. We have some forecasting systems that we can get from the outside.

MIS Quarterly: You were talking about the decision and the information process. How do you set a value on the incremental benefits of better information to the top executive?

MR. CLARK: We find that in the divisions that are consistently profitable, the management generally can answer all the questions: How many weeks of inventory and process? What's the trim and findings for the zippers and buttons? What are his weeks in findings? What's the aging if they're in basics? What's the aging of the inventory? What are the excesses? We might ask what his work in process is running now. He might answer he's been running about seven weeks. We then would ask if he could cut that from seven to six. He could tell us that he's just completed a study and there's no way — seven is the best he can do, and he would be able to produce the information that brought him to that conclusion.

MIS Quarterly: What approach would you recommend others take to identify their information needs and provide the resources to meet them?

MR. CLARK: The president of the company has to be critically involved in an emerging company, particularly in a company like ours which lacks the institutionalization that other industries have. We're embryonic, in a sense. In this kind of

environment, the president can't walk away; he's got to be the driving force on the Information Steering Committee. He may delegate the function, but he periodically has to involve himself in, and understand for himself, the directions in which the company is moving.

What is shocking to me is the fact that often information systems develop without any connection with or understanding of the leadership of the company.

MIS Quarterly: Essentially what you're saying is that, although the information function has been the recipient of the planning process in the past, now it's going to be at the front end.

MR. CLARK: I think it'll emerge on the front end, but it will take time. It's a process of evolution.

MIS Quarterly: Some companies have gone to what they call a "Chart Room" or "War Room" or "Information Room" concept. Do you see this as a trend?

MR. CLARK: I wish we'd done it ten years ago.

MIS Quarterly: Do you anticipate doing it?

MR. CLARK: No, because I'm the only one who wants it.

MIS Quarterly: What about other presidents of companies that you speak to? What do they say about this concept?

MR. CLARK: Well, I know in other companies they do this. I've been in their board rooms. They have audio and visual reporting techniques to present the information to the Board of Directors. This is the synthesis of that whole pyramid of information coming to the top. They can show charts and slides and figures on a fairly rapid basis to the board. It's very sophisticated. We're twenty years away from that.

MIS Quarterly: What's the approximate size of Warnaco?

MR. CLARK: We're a $400 million, multinational company. We have a dozen divisions in this country, seven in Canada, plants in the Latin American countries, and a fairly sizable one in Europe. We have licensees all over the world, and we have minority interests in Australia.

MIS Quarterly: Are the systems activities directed by your headquarters?

MR. CLARK: Our information systems are strictly domestic. Each of our division presidents says, "My business is different. The information I need to run my business is different from the needs of other presidents in other businesses." The problem from a corporate point of view is to find a common need and thread of information requirements. When we get to the technical side of it, we say, "Let's develop standard systems." If we have an order allocation system for our White Stag division, why isn't that order allocation system acceptable to our Puritan division? In order allocation, we've had some success with standard systems. But material requirements planning is a different situation. We developed a standard system, but we had trouble convincing the division management that the standard could be tailored to fit their individual situations. This standardization is a priority for the next couple of years. The division presidents each want to develop their own. They say their in-process activities are different from the other divisions. We say, "No," so there is a constant political battle. If we can get the divisions to recognize that we all can manage our inventories in the same way and standard systems will work instead of each going out and reinventing the wheel, then we can develop some level of sophistication.

MIS Quarterly: What are the obstacles to achieving this, or am I asking too naive a question from the political point of view?

MR. CLARK: We're supposedly a decentralized company. Have you ever been in the battle of centralization versus decentralization? There has to be a sequence of logic and there's got to be a clear understanding first of what the organizational philosophy of the company is. What do we mean by decentralization? What is the degree of autonomony? What is the relationship between a division and the corporate central activity? When we talk about centralization, what do we mean? This is one of the problems we have had, and if we don't face it, we're not going to make the kind of recovery necessary. We have to define clearly what our organizational structure is. I don't think of it as centralized or decentralized; I think Warnaco's answer is an integrated approach to management. There are things that corporate is going to do, there are things that the divisions are

going to do, and there are things that the two of them will do together. These things are definable and it requires getting people to sit down, face the issues, and reach an agreement. Then, we can determine the decisions that have to be made in this integrated organizational structure, and the information systems flow from this process. What's happened is that the information system has gone off to the right when the company is going to the left. Suddenly we found that we were not on the same track, concluded that we had too much overhead, and we started laying off people. An information systems effort isn't going to be effective if there's confusion in the organizational definition of the company.

MIS Quarterly: Looking forward to the 1980's, what do you see as the two or three key problems facing business in general, and to what extent do you think that information services can help?

MR. CLARK: I see the key problem in effective utilization of working capital. We're a working capital intensive industry. The lack of capital formation in this country is sufficiently serious so that there isn't going to be enough for everybody. If you're at the low end of the totem pole, as far as return on investment is concerned, the capital is going to flow to the higher return level. So the apparel industry with its high working capital requirement is going to be under tremendous pressure. If this is true, we've got to structure our information and our priorities in such a way as to get as high a level of effective utilization of working capital as possible. Everything has got to be driven in that area. That would be the number one priority.

The second key problem everybody shares is government interference. There is an incredible government impact on our business. Organizationally we have not begun yet to recognize the impact of this. But when we consider product line reporting, current value accounting, SEC requirements, FTC requirements, and its consumerism and flammability — the cost is immense. We've got to organize to face this problem because it isn't going away.

MIS Quarterly: Are there any particular exhortations in the information profession that you care to make? Assume that you were giving an address to our professional society. What would you want to tell our people?

MR. CLARK: Join the real world. I find, looking back, that I'm critical of the information systems people because they have not tried to integrate, nor have they taken the initiative to integrate themselves into the management structure of the business. They've had the mystique for many years of the black box on their side and have, in essence, talked down to management. I think as a group they have not participated in the real world.