

Interview with: JOSEPH F. ABELY, JR.*

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MIS Quarterly: What do you believe that the top executives in general expect from their information function?

MR. ABELY: I would have to start out by defining what I think the information function in a company is. It is made up of many parts, only one of which is the part that we typically call the information systems function. That is, the computer-related function where all of the data bases of the company are managed and where most of its basic data is produced. This is, however, not the only function that produces the information that comes to the top of a company. Top management's information, much of which comes from the data that is produced by the information systems function, goes through a lot of other channels and screens on its way to the top of a company.

*At the time the interview was conducted, Mr. Abely held the position of Vice-Chairman with General Foods Corporation.

It may go through the Marketing Research function. In our business, for instance, we may be looking at test market results. These data would be evaluated by persons not typically thought of as being in the information function; but they are certainly a critical part of generating the information upon which decisions are made.

Another key area in the information function is the traditional financial organization, say the controller's departments, which produces the financial data that is used at the top of a company such as ours. Another information function is the planning area in which much forward looking data is analyzed, adjusted, prepared, and sent off. What you're really looking for from this whole process is reliable data which is properly managed. This clearly is a function of the people that are traditionally thought of as information people. In addition, a set of screening mechanisms exist in the other organizational facets such that the data are digested, summarized, and analyzed, so that they can be acted upon by people trying to run a very complex business and having a limited amount of time. The baseline expectation is good data properly analyzed and forwarded on a timely basis.

MIS Quarterly: Have you been getting this in the past and do you think there is going to be any kind of improvement or change in the future?

MR. ABELY: I think it would be fair to say that almost every executive thinks he ought to be getting better information than he does. My guess is, in one way or another, almost every person you have interviewed has said that to you. On the other hand, I think it would be unfair not to recognize the progress that has been made. I do think that the basic tools have improved and continue to improve. I'm sure there will be continuing technical improvements. It seems to me, though, that the mechanical, electronic, and communications components of the data production part of the information business is pretty highly developed. I'm sure it will progress further, but I don't look at that as the next step.

It also seems to me that a good deal of progress has been made in terms of knowing what to do with information, although this is the area where

greater progress can still be made. All of us are continuing to look at our own information function and what we get. At General Foods, for instance, in the last two years we went through a complete re-evaluation of the information that comes to the top of the company. This is something everybody ought to do periodically. We hadn't done it for a while and we decided that with a complete change at the top of the company in terms of people, as well as a significant change in the organization, we ought to go back and take a look at our management information.

Over the course of two years we took a look first at the information that we call "across the board" information, which deals with the total business that is General Foods. Our initial step was to redesign the information system working with the members of the senior management in order to get a system in place that would give them the "across the board" information (principally, but not totally, financial information) that deals with General Foods. This was called the "BIS", which is just Business Information System. Having this and having agreement at the management committee level on the quality and kind of information that they wanted to receive, we then went to what we call the "up-the-line" systems. These are the reporting systems that start at the basic operating areas in the business and work their way up through the various management levels to the top of the company. These systems link into and feed the across-the-board information system for the company as a whole. We spent about another nine months on the domestic side of our information system in order to get a common "up-the-line" system to feed the strategic business unit manager, then the division president, then the group executive, and finally into the across-the-board system for the management committee.

These systems seem to be working pretty well. The last step was to take on the most complex phase, the overseas operation. This is, by degree, much different and more complex in terms of the elements of reporting. It is just about finished.

MIS Quarterly: You mentioned planning. Since the information services area impacts upon and is impacted by all parts of a company, is the information systems function represented in the

planning process from the beginning or are they the recipients of the end product?

MR. ABELY: I think the answer is both. I have indicated our planning executive is a key part of our information function, but certainly not all of it. There is, as you would expect, a reasonably highly developed planning system at General Foods. It starts with a statement of what the company's objectives are as formulated by the management committee of the company and disseminated to all parts of the company. In the process of stating our objectives, we first go to the various parts of the company and ask them to prepare for us their perspective of what the next few years are going to be like and what they think the critical issues are that will affect them. Obviously the information function is a key staff area in this process. Information Systems gets a chance to input into the company's planning process in the beginning by what we call their Environmental Statement. Then they receive back from us what we think are the company's objectives. This serves as our view of the company from which they and others work to put together their short term plans or their short term budgets. Their plans are reviewed on the basis of what they have done with what we have given them and on the basis of what our expectations are. The Information Systems area is in the loop, but the loop is one that continues to evolve.

MIS QUARTERLY: What criteria or methods do you employ in evaluating the information services function? How do you measure it?

MR. ABELY: This is a tough question. I'd say the most basic tool that we have for measuring or controlling the information systems function and its relationship to the rest of the business is through the project management system. This is a system that is not unlike one that is used in other companies. Information, as you know better than I, can be produced only at a cost so that we start out with a statement of any project with an estimate of the cost and an approval on the part of the user who must pay for the work through a company or a divisional charge. The project management system is basically the means of measuring or controlling what gets done at the beginning of a project. That,

however, is an input measure. When it comes time to evaluate the output, I have more difficulty.

MIS Quarterly: So does every MIS director or Vice President in the United States, I might add. One of the people we interviewed indicated that he sometimes wakes up in a cold sweat at night thinking about how he gets measured and how he could ask to be measured. He is uncertain of the answer to this beyond user satisfaction. He's not comfortable with that.

MR. ABELY: I wouldn't be comfortable in that situation either. We haven't found a measure that I'm satisfied with. We do examine statistics published on industrial groups that relate dollars of information spending to size of company and to type of company.

MIS Quarterly: Do these figures consider the maturation of the information function within the different companies? Depending on your stage of maturation, you may have to spend more or you should be spending less.

MR. ABELY: Exactly. It's a very rough measure. We can only compare ourselves to other companies in the same kind of business. You couldn't compare General Foods with United Technologies and expect to see any consistency in spending. But at least these figures are a way of evaluating our spending level and determining whether or not we are comfortable with what is being produced relative to this level. Beyond that, however, I don't really have a good answer to the question.

MIS Quarterly: Do you have a relatively good feel for the incremental benefits that your company gets from the fact that you may have superior information?

MR. ABELY: No. I would have to say that all of us believe that good information is worth what it costs us to get. But if you ask me how much it's worth or exactly how I arrive at that judgment, I don't have a good answer. It's similar to the conundrum that we just discussed.

MIS Quarterly: I'd like to get your reaction to one response that we've received to this question from the president of one of the major regional

banks in the country. He said he has no way of evaluating incremental benefits except that he has to determine what kind of an investment they need to make to get the information that he feels he needs. He claims he has no way of relating anything to results; they just made the investment. It took them three years to be able to get the kind of information he felt the bank needed. Subsequently he feels in the pit of his stomach that he got more than he had paid for. One of the things he is happy about is the fact that they are presently rated number one among banks in profitability by ROI. This rating is partially related to having management information. Obviously it's good management, good controls, and the region in which he happens to have his bank. Any comments?

MR. ABELY: I guess another way of paraphrasing what he says is, "He got what he wanted and he didn't feel as though he paid too much." You have to remember, though, that information in a bank is much more related to the day-to-day operation of that bank's business than would be true for the most part in a food company. Banks are generating collected balances for all of their major customers every day. If they can't give you that collected balance you may go away because being able to get that information is critical to being able to invest the excess funds that are available. So the information function in the major banks has become much more critical over the course of the past half dozen years and indeed has become a selling tool for the major banks. I could tell you which banks I would go to today in order to be a main concentration bank and which ones I would stay away from. My decision would be based upon the information that they would be able to give me. We have looked at them and we are plugged into the computer outputs of our concentration bank.

MIS Quarterly: What approach would you recommend that a president or a CEO take to identify his information needs and provide the resources to meet them?

MR. ABELY: I've talked about what we did and I don't think that's a bad way. Find yourself a small group of talented people who have been around your business enough to know a good deal about it.

MIS Quarterly: As I recall, you took who had been in your company about ten years or more, who knew the people in the company, and who knew how you really run your business. Isn't this one of the reasons it was probably so successful?

MR. ABELY: Their longevity was closer to five or more years. They met consistently with the line executives and the staff executives for whom their system was being designed. The key to the development is to get the right people to do it, give them the right charge, make yourself available to them, and insist that the other members of the management are also available. The information function is not one that is cared for easily.

MIS Quarterly: The project was under your personal control, wasn't it?

MR. ABELY: Yes.

MIS Quarterly: In other words, they had a very high level sponsor that nobody was going to mess around with.

MR. ABELY: But the Management Committee as a whole recognized the need. I didn't have to do it all by myself.

MIS Quarterly: But the point that we're making is critical.

MR. ABELY: That is that the development project must be sponsored by the people at the top of the company. You can't just say to the information executive, "I need better information; go get it for me," and then just throw that person to the wind. That will not produce good information.

MIS Quarterly: Let me ask you a hypothetical question. If you were looking for the head information services executive, what would you look for?

MR. ABELY: I prefer to look inside rather than outside my company. I did, as you know, bring the head of the information systems function into General Foods. My reference for recruiting from inside the company is simply because this person would start off with the business knowledge that I think is so essential to be able to

manage the function. Whether you find this individual inside or outside, you either have to have a person who knows your business or one who would seem to have the capacity to learn it quickly. This requires a generalist. Obviously you are looking for someone with good people skills because this executive is going to manage a large organization and to be successful this person will have to relate to all of the other management pools across the company and be able to do business on a cooperative basis. Thus far I've said something to the effect that I'd like to have a fine general manager. But what makes the information executive more difficult to find is that this person is in a business that has a technical or technological base. I don't say that this person must be an expert in the field technically, but a sufficient technical grasp certainly has to be present so that the people who are on the production end will respect this person and so that this executive will know when there is or isn't kidding going on.

MIS Quarterly: I use the term "snowproof."

MR. ABELY: That's a good term for it. This person doesn't have to be an expert but you certainly can't just take a good general manager and put that individual in charge of the information function and expect the person to be able to function properly. It might happen, but it would take an awful lot of luck.

MIS Quarterly: You talk about a good general manager. Some of the basic qualifications or characteristics of the good general manager are: a strong, assertive individual; a little bit of a risk taker; and at times even a confrontive individual. Would you think that the general manager that you were talking about and having these personal characteristics could handle the job of information management? Would you quarrel with some of the statements that I've made or the characteristics of a good, strong general manager?

MR. ABELY: Somehow the word confrontive doesn't strike me as one that I would put high on my list of characteristics for a staff general manager who is going to have to get a lot accomplished by getting people to cooperate. I might soft pedal that one. I think having done that, your definition isn't much different than the

one that I used except I put on that additional requirement of technical grasp.

MIS Quarterly: How are priorities set within your company for the allocation of the resources of the information function and how do you decide how much to spend?

MR. ABELY: Let me answer the second question first. The initial and basic decision on how much to spend annually is made through the budgeting process. That process really involves a series of estimates made by the information systems department on client requirements for the year. Many of those are based, however, upon dialogue between the information services people and client personnel. Information is basically sold and bought in our system and we rely on the judgment of the information user and the affordability tradeoffs.

MIS Quarterly: Do you use a charge-back system?

MR. ABELY: Yes we do. We rely on that more than anything else as the lever that determines how much we ultimately will spend. I'm obviously talking short run because every second, third, or fourth year a big decision is made on additional capacity. That's one that we really have to make on what our expectation is and what we think is reasonable in terms of cost escalation in the function.

MIS Quarterly: What about the business of allocation of priorities? How does that work out? Is that a bidding contest between the users and the information people?

MR. ABELY: No, it really isn't. We obviously have a cap on what we spend. We rely on the manager of the information function to have some sense of what is important and we then rely on the dialogue between the manager and the clients to work out spending levels.

MIS Quarterly: Is there an information committee, at a higher level than the head of your information function, which makes the final decision as to allocation priorities? There conceivably may be four different general

managers all saying they need something first. Who makes that final decision?

MR. ABELY: Those decisions typically will come forward in someone else's plan on the big projects. For instance, logistics is a very hot item in the General Foods systems world today. The funding for logistics we have already seen in the Management Committee through the proposed plan of the new logistics group. They have told us what they would like to have for an organization, what their objectives are, and how much they think they need to spend, much of which will be spent with the information systems group. When we approve the plan, obviously logistics has a priority that you would have to say is number one. Now there may be a few other top priorities. I could think of one in the distribution end of the business. The big projects tend to get that kind of attention. So what we are really talking about is the allocation of the second-level projects. For those we rely on the dialogue that we've discussed.

MIS Quarterly: Some companies have gone to a "War Room" or "Chart Room" or "Information Room" concept. Do you see this as a trend? If not, how do you think this information is going to be assimilated in the future?

MR. ABELY: I certainly see that visual display of information has been a trend as long as I've been in business and it continues to move. However, the same function is accomplished whether one wants to set up a room and install charts as some people have, or one wants to print a book at the end of every quarter in which the charts appear so that the executive can take it home. Whether the book route or the room route is used is a matter of personal management style or taste.

MIS Quarterly: So you have no strong feelings either way on that?

MR. ABELY: No, I don't. A room is just another way of visually displaying information. We use visual display in our Management Committee Conference Room particularly in the use of slide work.

MIS Quarterly: As you look toward the 1980's, can you give me some ideas about what you

consider the one, two, or three key problems that face business in general and if information services can be of any help?

MR. ABLEY: Probably the biggest problem of all has to do with the viability of the business system as we know it today and the functioning of a system that maybe we could call State Capitalism. Certainly, there are all kinds of people today who have ideas that would change the way the business system operates in the United States. I think I will refrain from naming the sources. It seems to me that this isn't the kind of thing where any given function in a business can make a unique contribution. I wouldn't think that the information function, for instance, would make any greater contribution or understanding than that of the economic section of the Treasurer's Department, for instance. I guess as I think about consumer goods or the food business, the wave of consumerism, consumer legislation, and the problems with additives that we have, those would be very high on my list of the great issues before General Foods. I'm not sure that the information function is uniquely equipped to help with those, but there are some places in that area where I think they can be very helpful.

Consider the area of additives, as an example. Some of these problems come down to measurement and analysis and this obviously is the bread and butter of a good information group. Again, I have difficulty saying, at least from the standpoint of General Foods, that I see the information function on the leading edge of the business. I

would speak differently, I'm sure, if I were running a bank, as we discussed earlier, or if we were in a business whose base was more technical.

MIS Quarterly: For two years now, I've been trying to get you to be a keynote speaker at the SMIS National Conference. Imagine that you were at the end of such a presentation and you were going to try to advise our membership on a special issue. What would you want to tell them?

MR. ABLEY: Maybe I'd finish up by simply saying, "Hang in there." I would say that there is a brighter day ahead for the information person, because I do believe that management is coming to understand the difference between getting good information, getting it on time, and not getting good information, or getting it at a time when it's no longer useful. As that understanding grows, it seems to me the place of the information person in business has to grow as well.

MIS Quarterly: Is there anything else you would like to add to this interview?

MR. ABLEY: I don't have a great deal more on my mind. I'd have to say that having been associated with the information business and information people for a good long time now, I have indeed seen a lot of change and I have seen a lot of progress. I would hope to see more in the area of digestion, analysis, interpretation, and suggestion. Information really is intended not only to inform, but also to suggest.