

## Interview with: **ROBERT G. STEVENS**

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*MIS QUARTERLY: In your corporate career, what has been your relationship with the provision of management information?*

MR. STEVENS: I've been on several sides of the management information issue. I spent about ten years consulting with people in this area when I worked for Touche Ross. Then I spent two years as head of management information systems at Citibank which is a good place to be the head of management information systems. Then I became the president of a bank, and now I've moved on to become the president of a large bank holding company.

One of the revelations to me coming from my consulting experience was the realization that it takes much longer to put management information systems in a place than I ever suspected. That's maybe why so many of our jobs didn't get finished, ran over budget, or never were quite accomplished.

The question of why it takes so much longer than anticipated to get something done than I assumed in my youth is interesting. It has some-

thing to do with the fact that you can hand a management group a new machine and some new approach to doing something, but it takes a long time to integrate these into what I call the "management rituals" inside a company. For example, a company has a "ritual" for hiring people. Sometimes it is clumsy, sometimes it is effective; nonetheless, there's some sort of an exercise that one goes through to decide you need a person, to get approval to do it, and to get the person hired. The same thing is true for purchasing inventory, for marketing decisions, for investment decisions, for credit quality decisions — there's some kind of ritual. One thing that happens is that sometimes one can build a new loan information system or a new profitability information system, but no one in the bank has ever worked with that kind of information before. It's just not a part of the way things are done.

Sometimes you try to impose new machinery on old rituals. It frequently just doesn't work; it just doesn't take. To change ritual is like changing other human habits. It takes time. At Old Stone Bank, where I was before I came to BancOhio, we spent five years working on rituals — How are we going to make decisions? What steps do we go through? When do we bring information to bear on the problem? What information?

Here I was, an ex-information man, in as much control of a situation as I probably could be, but nonetheless, it still took us five years to begin to operate with the information systems that we built. I would say that the people at Old Stone are not finished with the process even yet, and we're just starting in it at BancOhio. Some of the same things that we were doing at Old Stone, BancOhio started a couple years before I got here. It's a long drawn-out process. It involves everything from who should be at the meetings, and how much staff work should have been done before a meeting takes place, to what is relevant.

*MIS QUARTERLY: Do you consider information an asset?*

MR. STEVENS: Oh yes, no question about this. Especially you realize the value of information when you do not have it.

*MIS QUARTERLY: Do you feel that there's been any change or do you expect any change in the quality of information?*

MR. STEVENS: Yes. I think most companies are going through the process I'm talking about of actually looking at how they make decisions and beginning to build information into them. In many business situations, the real decisions are made with practically no information at all, but using past experience and intuition.

*MIS QUARTERLY: Since most of the information that executives use is likely not to be produced by computers, what would you describe as your principal current source of useful information?*

MR. STEVENS: I suppose that's right, not all information is or should be produced by computers. I think one thing that supports such a contention is an experience I had in a seminar. The seminar was held in a war room kind of environment with push button visuals, random access slides, and so on. We were simulating the notion that the slides we were putting on the screen would someday actually be coming directly out of a computer. We had a simulated sales meeting in which we were looking at sales statistics for various territories and product profitability by territories. Somebody would think up a question and would say, "Okay, plug that into the computer." We'd punch something into the computer and then answers, charts, and graphs would spew out across the screen.

In this seminar, we were projecting the kind of decision making we would have in the future. I guess I'm skeptical. I'm skeptical because, maybe I'm just not very smart, but I find that it takes a long time to formulate the problem. It takes quite a while, once you decide what your problem is, to decide what is relevant to that problem. Oftentimes what I find is that we sit in a meeting and in defining a problem we may say, "Okay, let's adjourn, and let's have the staff people work on this." We may send the staff out to work on it for the afternoon, come back, and then tomorrow morning we've got the problem better defined. Then maybe we'll work some more on what we think is relevant. Then the staff may go back and get some of the information that comes out of the computer.

What I'm saying is that, by and large, the problem formulation and the definition of what's relevant is such a laborious process and such an educational process that we don't need random access, online, realtime systems, because we're so slow in formulating the problem that there's time to gather data. Once we know more about what we want to do, particularly in our business, then we do need information out of the computer.

*MIS QUARTERLY: Since the information services function impacts upon and is impacted by all parts of the company, are they represented in the planning process from the beginning or are they the recipients of the end product?*

MR. STEVENS: In a banking environment, information services is difficult to divide between what's operational and what's management information. I will include both. Oftentimes information services is a constraint on what we can do. For example, money markets change and it looks like we ought to change interest rates, but we just can't make a decision to change interest rates. We have to call in Operations and say, "Operations, if we change interest rates, do you have the capability to produce a new certificate of deposit, or account for a new range of interest rates in existing programs? How much lead time do you have to have to give us a new set of interest rates and maybe a new instrument of some kind?" So, in a short-term, tactical move like that, information services needs to be a part of it.

*MIS QUARTERLY: What about your longer range planning?*

MR. STEVENS: In our own particular case, between 1969 and today, we have added 24 banks and something like 120 offices to our system. In 1970 we had, as I recall, 21 banks and 95 offices. Today we have 41 banks and 218 offices. In this expansion at BancOhio, not enough effort was put forth to plan for the logistical support of all these new organizational units and growth in the number of customers. Consequently, we have almost as many different operating systems as there were banks added to the system in the seven-year period. We have

computer hardware from six different manufacturers. We are just now doing the planning.

*MIS QUARTERLY: Is the information function now going to be in at the beginning of the planning process and participating?*

MR. STEVENS: Yes, I think it should be. It obviously doesn't have to be because we didn't, but it should be. If you don't include it, then you have to play catch-up like we're playing.

*MIS QUARTERLY: What criteria or methods do you employ in evaluating the information services lead executive concerning the performance of his responsibilities?*

MR. STEVENS: A key item in measuring the performance of the information executive is to find out if that person is keeping up with the demands of the organization. Sometimes we refer to the computer as a back room, but it is not the backroom. It is, in fact, in almost constant contact with the customer. Maybe the people in our operations center do not see the customer, but certainly the customer is almost an immediate recipient of the good work or bad work performed there. How effective we are is highly visible.

Even if a company does not have a formal planning process, there are some information executives who can somehow or another keep themselves informed about what's happening, and they can keep ahead of the information demands.

In one way, I'm a little fearful of the planning process. It's almost like a messenger to the Chinese emperor — if he brings bad news, he gets his head chopped off. What happens sometimes in a planning process is the data processing manager comes in and has to play the devil's advocate and say, "You can't do this unless you're willing to give me an increase in budget to meet the logistical demands that this new product is going to put upon us." Management may not want to hear this. The skilled, successful information manager will have to find a way to explain the computer impact to executive management. The information manager has to size up his own management

and, in my experience, a large number of senior management groups are not prepared to cope with planning. They are prepared to rise to the occasion when a need is evident, but to forecast a need, especially one that costs money and requires expansion of facilities, is a great deal of trouble. Survival in this typical environment is difficult and explains the high turnover in information executives.

*MIS QUARTERLY: How, then, do you assess how effective a job this executive is doing? Or do you measure anything?*

MR. STEVENS: As I said, the ability to keep up with the organization is one thing. The manager may or may not have a formal planning process to help keep up with information needs. We got off on a tangent discussing some of the dangers of telling people ahead of time what the demands are going to be. The other thing is, of course, cost effectiveness. A banking institution, particularly retail banking, is very much a computer-based service. The cost effectiveness is tremendously important in banking to be able to deliver services at a good cost. Certainly that's a measure.

Data processing for as long as I've been around has never been a static business. The person who runs this function has two kinds of jobs. There is an operational job to keep going whatever is there, and a job as a "manager of change." This is a difficult conflict. We not only have to make sure that the work is getting out today and that we're doing it at a good cost, but we have to be concerned with managing projects that involve technological and administrative — even political — change. We've got to keep up with our hardware and then we also have to be able to keep up with our own organization because as technology changes there are opportunities to do things that we couldn't have done before. We're almost constantly upgrading systems, changing systems, and putting things on the computer that haven't been there before.

*MIS QUARTERLY: Dick Nolan writing in the Harvard Business Review suggests that one of the major difficulties of the information executive is that of managing the organizational change that takes place because of the impact of the information services.*

MR. STEVENS: That's right. It takes talented people to manage these operations, even if we don't change them. Right now we are making major changes at BancOhio. The management talent that it takes to do both of these things, to change the whole thing and yet at the same time keep it running, is a significant task.

*MIS QUARTERLY: Do you have a relatively good feel of the incremental benefits that your organization gets from possibly having superior information?*

MR. STEVENS: I come to this with a lot of bias. I was educated as an accountant. I spent years as a consultant and as a director of management information so I believe in the product. But as a president, I've had to face reality about information and look at that bottom line. I had to put my money where my mouth was and I did that and I am doing it because I do have confidence that we will make better decisions and have a better administered company — a company that's providing a better service if we have good information and we learn how to use it. Learning how to use it is a big thing as we said at the beginning of this conversation. It's a bigger thing to use information than it is to produce information.

*MIS QUARTERLY: What you're saying, in effect, is that although you may look at return on investment of a system or something of that nature, there's another benefit to be derived that you as a president need, namely better information to run your company. You can't put a dollar ROI on that, but you know it's there. Is that what you mean?*

MR. STEVENS: Maybe I'm not critical enough as a manager. I'm vitally interested in the cost of our computer operations and in new systems. For example, right now we are putting commercial loans on the computer. This costs quite a bit of money. But I haven't forced anybody to sit down and do a return on investment analysis for me. We certainly looked hard at the cost of doing this and we've looked at some different alternatives, but intuitively we have decided that we need it and that we're willing to pay the price for it. Thus, we have an intuitive belief that we'll get our money back. I have not burned up hundreds of hours of staff time trying

to exactly document the benefits. On the other hand, we can probably make some crude guesses that if we could improve the yield on our portfolio by 10 basis points, then we'll pay for it.

*MIS QUARTERLY: In this regard, what priorities do you set within your company for the allocation of resources of the information function and how do you decide how much to spend?*

MR. STEVENS: We have just gone through the process of setting priorities.

*MIS QUARTERLY: Is that done by some executive committee or special EDP committee?*

MR. STEVENS: No, I'd say it's done by the entire management group. As I listen to the various appeals, some consensus evolves to the point where we know that there are certain things that absolutely are fundamental and must be done. There have been times when we've been able to sit down at a blackboard and write these projects down and say, "We just have so much to spend. Which projects are we going to do now and which ones are we going to defer?" So sometimes we've been able to get it down to quite a concrete basis. I would say that's true this year. Where we've been able to look at what we thought was absolutely necessary, price it out, and say, "What kind of impact is this going to have on our earnings? What kind of impact is it going to have on our ability to raise money? How much do you think we can swallow?" We decide to go or not to go with that program.

*MIS QUARTERLY: You were talking about management. If you were looking for the head information services executive, what kind of person would you look for?*

MR. STEVENS: I think in some ways we've defined some of the qualifications. One major requirement is the ability to organize project management control systems. The information executive is going to be managing projects of change. A second qualification is to be able to administer a large number of people in essentially a production operation, so the person has to have that kind of skill.

There's another kind of skill, perhaps an obvious one. I do not believe that a manager is a

manager is a manager. I think a manager ought to know something about the substance of what he's doing. That's why I'm in banking. A long time ago I decided that I couldn't be all things to all people and I decided to specialize in an industry. I have some bias that one ought to either have a functional speciality or an industrial speciality. Not everybody buys that. I also don't think that a person who has little or no knowledge of data processing can be dropped into that function and be expected to pick up all of the background.

One more characteristic is that in order to keep up with the needs of an organization there's a trait that a person has to have that some people do and some people don't. Some people have a great deal of difficulty knowing what is going on, maintaining communication with senior management, and keeping the organization abreast of the changes taking place. There are some people who are just always out of touch. It could be said that it's the fault of the planning systems, but I think it's much more of an individual characteristic. Among senior officers that I've had experience with, there are some who just have an innate ability to know what's going on regardless of what the organizational structure is and how formal or informal the planning processes are. What this mysterious capability is I'm not sure, but I know it when I see it. There are some people who are able to stay in tune with an organization and there are others who aren't. There are some who can perceive what policies are even when they're not well-defined or articulated. There are some who can perceive change and others who just can't. In some ways, that's what a manager gets paid for — that additional sense that one must have to be a part of the senior management of an organization.

*MIS QUARTERLY: Are there any special approaches that you would recommend the CEO take to identify information needs and to provide the resources to meet them?*

MR. STEVENS: We try to define the major areas of decision making at the senior management level and look at the processes needed for those decisions to be made, the administrative structure needed to implement those decisions, and the information base that we've got to work with.

I think that it's a healthy exercise to go through, to define what the critical decision making areas are in a business. Is it inventory control, production control, quality control, sales, or could it be all of those things? I've found this process a helpful approach in trying to structure the senior office of a company.

The most frustrating thing at the second and third level of management is to not know how to get a decision made. We want to do something but there is not a clear path to a yes or no answer. I find sometimes that people accept a no answer as well as a yes answer; but the thing they really want is an answer so that they can get on with the work. It's important that a company be very responsive to these pressures to act. I think people are much more action oriented than we sometimes give them credit for.

*MIS QUARTERLY: Some companies have gone to the war room or chart room. Do you see this as a trend for the future, and if not, how do you think this information is going to be assimilated?*

MR. STEVENS: On the one hand, at least in the banking business, I do not see the war room as a place where one goes, sits down, is immersed in information, and can call all sorts of things up and make decisions. The reason I stated before is that I think problem definition takes a long time and deciding what's relevant takes even longer. Sometimes there's trial and error in deciding what's relevant. I do not see interactive systems as an answer, especially at the senior management level. Perhaps interactive systems at the staff level when they're cutting and pasting to see what makes sense can work better. I do see the briefing room concept as a good idea. Basically, this perspective is more historical than in a decision-making mode, but it is a briefing on where the company is and where it has been.

*MIS QUARTERLY: So essentially what you're saying is that you do believe that these rooms can be effective except not for decision making, but rather for the briefing process?*

MR. STEVENS: Yes, I see it that way.

*MIS QUARTERLY: Even as you look at the 1980's?*

MR. STEVENS: You know, coming back to the subject now, it is occurring to me more and more that I get very frustrated by loose pieces of paper. I do see an extension of the briefing concept down to maybe the desk console where I could call up fixed, known historical information. This doesn't necessarily have to be at a desk, but maybe in a conference room. There might be an index of available charts or files, rather than some of the great rummaging that we all do through our desks. Where is last year's financial statement? Where is something else? All this has to be quite structured, but somebody will say, "That spoils it all if it's all structured." Well, if it's unstructured, then we're back to my other point. It takes time to figure out how to structure information. That is not likely to be the best use of the time of senior management. So I see these rooms and devices as good briefing aids and quite structured — not that interactive.

*MIS QUARTERLY: What do you anticipate are the major problems that business is going to face in the 1980's? What do you think information services can do to assist your solving them, if anything?*

MR. STEVENS: I feel that one of the most difficult problems of the 1980's is industry's relationship to the government. This has a very negative relationship to information services in that almost all of our relationships to the government mean generating more paper, more reports. I was talking to the president of a \$10 million Savings and Loan the other day that I think has a total of 8 people working for them. They're going to sign up with a computer service bureau to start doing their work because they can no longer meet all the demands for the state and federal regulatory reports using their manual systems. I'm not just a businessman complaining about the encroachment of government on management prerogatives; I think we have a significant philosophical issue here. It is, in fact, a contest between personal freedom and the efforts of government to manage prices and supply in our economy. The results of government effort to

manage prices, demand, and supply work poorly in an economic sense and involve serious limitation on personal choice and personal objectives and desires. I don't think this is because the government hasn't had good information systems, nor that they haven't had competent management.

*MIS QUARTERLY: You've been at an SMIS national conference. Let's assume you were there again and you were at the finale of a keynote address and somebody asked you to advise our membership. What would you tell them?*

MR. STEVENS: I think one important thing that may sound like a contradiction to what I've said before, is that people in data processing and information services of all kinds, should take significant interest in the businesses in which they are involved. If they're in the chemical industry, they should take a tremendous interest in that industry and learn a great deal about its economics and its structure. If they're in banking they should feel like they're a banker and they should make an effort to be sure that they understand the nature of this business. In the final analysis, their benefit to that industry is going to depend upon how well they understand the pressures and the needs of other people in that industry. Information services people cannot expect the other people in the company to be so structured that they can communicate with them so that they only need to be concerned with data processing and information technology. I think that as the information specialist this person is going to realize that information's only value is utilitarian. It has to be useful to the people who need to use it or it is not anything. The only way to insure that is to understand the business and economic processes that the company has to go through. I'd say reach out, not that information specialists don't have enough to keep up with their own technical area, but they've got to reach out in order to understand the environment that they're working in.