

Interview with: RICHARD THOMAS

**President
First National Bank of Chicago**

**By: HERBERT
HALBRECHT**

**Past President
The Society
for Management
Information Systems**

MIS QUARTERLY: What do you believe that top executives in general expect from the information function, particularly compared to what you've actually received, and what do you see for the future?

MR. THOMAS: I want the critical information that is essential to the operation of a business, and I want to get it in as timely a fashion as possible. I think that we have the capability in many kinds of systems to provide that information today. We've made great progress. My observation about our own organization is that too many times our people decide they want too much information, or they want more information than they can really use consistently over a period of time; the net result is that things get cluttered up and we have to go back and clean it up and get back to the basics. We're satisfying our demand for information pretty well in our better run companies.

MIS QUARTERLY: Do you see any qualitative change coming up in the future?

MR. THOMAS: I think we'll continue to refine the input into the systems, and simplify the output. Progress will continue to be made. This varies significantly depending on the industry that's being discussed. In our own case, we have information today about aspects of our business that we wouldn't even have thought to ask questions about ten years ago. We've made great progress.

MIS QUARTERLY: Since most of the top executive information is likely not to be produced by computers, could you describe your principle current sources for useful information?

MR. THOMAS: Well, I would say that a good deal of our top executive information is produced by computers. This is information that gives us data with respect to loan volume or investment activity or interest rate spreads. This is critical for our business. We rely very heavily on all of the bookkeeping types of information. Obviously, a good deal of the information that we used around the business is based on gossip and informal communication networks that exist, but other than reading the newspapers and business magazines, picking up on conversations, and verbal reports from department heads, we rely very heavily on computer-based information.

MIS QUARTERLY: Since the information services area impacts upon, and is impacted by all other areas of this bank, is the information services area involved at the inception of the corporate planning process, or is it the recipient of the final product?

MR. THOMAS: Our systems people are heavily involved in our corporate planning process leading to an annual profit plan. Each business unit head must work with his systems support unit to determine the resource requirements for new business initiatives and for the support of existing activities. Our strategic planning process is not as highly structured as our profit planning system and has not demanded the same degree of interaction between business units and our information systems activities. We are currently reviewing our long-range planning process with the objective of insuring that the central, strategic issues are being addressed. I am sure that, with the increased importance of data processing in banking, the involvement of

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the information services area in our strategic planning will increase.

MIS QUARTERLY: Let me ask a critical question that nobody has a really solid answer for. How do you evaluate the information services lead executive in the performance of his responsibilities? What do you measure and how do you measure him as it relates to the function he heads?

MR. THOMAS: I'm glad that you said that people don't have a good handle on that one, because I certainly don't. I guess the first thing I consider is whether the information is produced that I know can be available, should be available, in the proper time period, and at a reasonable cost. What reasonable cost is I wouldn't know, other than to compare it with what others produce it for. Those are the criteria I think of. I agree with you that this is a very difficult evaluation to make.

MIS QUARTERLY: We have done a survey of about eighty-five of the largest corporations in the country asking the person who heads the information function how they are evaluated. They didn't know, and it was really bothering them because their jobs were at stake. One of the vice chairmen of one of the food companies talked about noise level from the users. Is user evaluation a useful measure?

MR. THOMAS: That is one indicator. Just thinking back on our own experience, I think it's very difficult to make absolute judgments. Is this level of performance good, or is it not good? I think we're more inclined to make judgments based on better or poor performance.

MIS QUARTERLY: Do you have a relatively good feel for the incremental benefits that your bank may be getting from the fact that you might have superior information?

MR. THOMAS: No, I really don't. I have the feeling that we have good information and that we do benefit from it. I can't quantify it and say that I really have a good handle on how important that is to me. I know it's important, but quantifying it, I can't do that.

MIS QUARTERLY: Even without quantifying, do you have any sort of intuitive feel concerning that?

MR. THOMAS: Yes, and I intuitively feel that it is very important. I think it enables us to move more quickly, particularly we can make investment decisions and pricing decisions earlier than otherwise would be the case.

MIS QUARTERLY: What approaches would you recommend that a CEO take to identify information needs and provide the resources to meet them?

MR. THOMAS: Well, I think he has to sit down, analyze his business, and determine what the real critical variables are that will affect his long run success. He's then got to build the capability to provide the information he needs to manage those variables. The key variables are different depending on the business. Some businesses are dependent upon agriculture; they have to watch the state of the crops, the futures in markets, etc. These businesses have an entirely different set of key variables compared to the banking business.

MIS QUARTERLY: If you were today looking for a person to head your information services function, what would you look for?

MR. THOMAS: I would look for somebody that has a very clear, orderly mind, that speaks in simple terms, and can use everyday language with users and associates. I would look for someone who is stable and not interested in building elaborate things just to have something elaborate to work with. Stability and good judgment are most important — just a very orderly person.

MIS QUARTERLY: What about this person's knowledge of the technology?

MR. THOMAS: I don't think that's entirely important. I think he should be sophisticated enough to understand the basic technology, but I think his job is more of a communications problem.

MIS QUARTERLY: Should he know your particular business?

MR. THOMAS: I don't think that's necessary. He can learn it very quickly.

MIS QUARTERLY: How do you set priorities for the allocation of resources for the information function, and how do you decide how much to spend?

MR. THOMAS: It's basically worked out in give and take sessions between the profit center heads in our organization and the information systems group. We have a set of priorities that systems people use; but in budgeting, particularly in our annual budgeting process, our corporate banking department might decide that they want to do Project X, or Project Y, and this would require that systems people incur a certain level of expense to produce that service. Basically we rely on the negotiations between the user and the provider of the service, in this case. If the demands on the providers are too great we have to take a look at it from the management point of view and decide which priorities are the most important, whether or not to go outside for additional help, etc.

MIS QUARTERLY: Who makes these decisions?

MR. THOMAS: Senior management.

MIS QUARTERLY: Is there a committee?

MR. THOMAS: Informally, the three inside directors decide these issues. Anything that can't be resolved in the normal give and take of the planning process, surface up to our level, and we make the decision.

MIS QUARTERLY: Do you have any feel for how much you should spend in terms of a percentage of a level of activity or is this a floating figure depending on the needs?

MR. THOMAS: I haven't really thought of it in that way before. But before we do commit any substantial amount of money to a project, we look at the payback and generally we can come reasonably close to determining how much money we can save or how much more we can earn as a result of spending so many dollars to develop the system, and then so many dollars to run the system.

MIS QUARTERLY: So you look at payback in relationship to an investment in a given system?

MR. THOMAS: That's right.

MIS QUARTERLY: What about that type of information which gives you environmental information which relates to the community and to the society? It relates to your competition. How do you evaluate something as nebulous but as important as that?

MR. THOMAS: We don't do this well, but we have some of our own models that we rely on; I can't tell you how much money we spend on it. Most of the external information that we get is collected by word of mouth from people in the market, and by reading published information.

MIS QUARTERLY: To whom does the head of the information services function report?

MR. THOMAS: He reports to the head of our administrative department who is senior vice president.

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

MR. THOMAS: We've kind of gone that route, and backed away from it a bit. I don't see this as a strong trend, frankly. Some companies or technical fields do. We use a chart room or "war room," if you will. We use slides, rather than a lot of charts on the wall. I think that we're going through a rather subtle period of trying to get our people to learn to be more sensitive, more personal, and more aware of what's going on on a people basis in the market place, and less technically oriented.

MIS QUARTERLY: Do you think that the use of chart rooms are more related to the personal style or idiosyncracies of a president?

MR. THOMAS: I don't think there's any question about it. It certainly is.

MIS QUARTERLY: Do you think some people are comfortable with chart rooms and some are not?

MR. THOMAS: I think we can develop a false sense of confidence by having too much information. We have to get lots of current informa-

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tion, lots of reassuring information, but it still takes a high element of judgment to translate that into what we ought to be doing in the business or in the market place.

MIS QUARTERLY: Can't you also get upsetting information?

MR. THOMAS: Of course. Hopefully we're smart enough to react to that. But I think we can get hooked on it and we can't believe information becomes an end in itself. We still may have to make judgments.

MIS QUARTERLY: If you were addressing a professional society like ours, what concluding thoughts would you like to leave with our membership?

MR. THOMAS: Be sure to keep it simple — as simple as possible. Focus on the real, central

issues that have to do with the dynamics of the business. Avoid getting involved in peripheral issues and spending time and effort on issues that are not germane or are indirectly related to the decision-making process. Keep your efforts focused to provide the critical information in an efficient and cost-effective way.

MIS QUARTERLY: Should that be primarily reaction or could it be anticipatory?

MR. THOMAS: I would hope that it would be in large measure anticipatory, because I think you as MIS executives can usually think through from your vantage points, the kinds of information that could be very helpful. Remember, however, that the executive officer of a company simply might not approach the issue from the same vantage point, or might not think that the information can be produced in the form that you know it can be. Just keep it as simple as possible.