MIS QUARTERLY EXECUTIVE

APC FORUM: CREATING A PLATFORM FOR INNOVATION AT LEVITON MANUFACTURING[1]

Madeline Weiss
Program Director,
SIM Advanced
Practices Council

Leviton Manufacturing Company	
Bob MacTaggart Global CIO and VP of Information Management • CIO for 20 years, 9 at Leviton. • Past President of SIM New Jersey chapter. • MS in Information Systems, New Jersey Institute of Technology.	• Leviton is a 104-year-old privately held company with 8,000 employees and more than 20,000 electrical & electronic products. • Headquarters: Melville, NY • Global firm with locations in North America, Central & South America, China, Middle East, India, Australia, Germany, Korea.

Bob MacTaggart's focus as CIO of Leviton has been on *increasing revenue through innovation* in order to sustain business leadership. To ensure success would mean not only creating an appropriate architecture platform, but also instilling a culture supportive of innovation in information management (IM). Bob shared his success at doing so at a recent SIM Advanced Practices Council (APC) meeting.

The traditional approach to enterprise architecture and systems implementation could not support the level of revenue increase the company sought. The 4-stage model of enterprise architecture maturity developed by Jeanne Ross (based on research sponsored by the APC) provided a framework that better supported the agility needed for game-changing innovation[2]:

• *Stage 1: Business Silos.* The organization has multiple technologies and platforms with transaction data in individual applications.

• *Stage 2: Standardized Technology*. In this stage, the organization takes major steps to standardize technology, reduce the number of platforms, and transfer data to data warehouses.

• *Stage 3: Optimized Core.* The key innovation at this stage is standardizing core processes across the organization.

• *Stage 4: Business Modularity*. Building on a base of standardized technology, fewer platforms, data warehouses, and standardized core business processes, the organization has a platform for rapid strategic experimentation and innovation.

Bob chose Oracle as the platform to evolve Leviton through these architectural stages. However, acceptance of this direction and implementation investments required overcoming various barriers throughout the firm.

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1   The Advanced Practices Council (APC) is an exclusive Society for Information Management forum for senior IT executives who value directing and applying pragmatic research, exploring emerging IT issues in depth, and learning different, global perspectives with colleagues in other industries. Madeline Weiss is the APC Director and Richard Watson is the APC Research Director.
2   Ross, J. W. "Creating a Strategic IT Architecture Competency: Learning in Stages," *MIS Quarterly Executive* (2:1), 2003, pp. 31-43.

COMMUNICATION, POLITICAL AWARENESS, AND DISCIPLINED EXECUTION

Selling the investment in the platform and the changes it would require involved translating the value proposition into the business terms Leviton executives used for decision making: costs, increase in market share, and increase in revenue. It also meant providing assurances that there would be no additional cost or risk to the business. As implementation moved forward, Bob kept his executive colleagues well informed of progress and successes. Portfolio reviews were used to communicate results and demonstrate business value. Bob and his leadership team also paid attention to organizational politics, even currents that wouldn't immediately affect the IM organization.

A culture of disciplined execution in which deadlines are met with high quality solutions was also a key to success. One method of ensuring high quality was to pilot solutions with internal customers. But the staff also stayed close to the users to ensure customer acceptance and monitor demand.

ADDRESSING THE PAIN POINTS

Addressing internal and external customers' pain points was the basis for business innovation. Bob and his team listened extensively to business colleagues as well as the firm's customers to ferret out problems, and then brainstormed solutions that better leveraged its technology platform. Some of the Pain Points and the solutions they delivered to address them were:

- *Lighting system configuration cycle time was 6-8 weeks and involved configuration errors, lost bids and significant engineering labor cost.*

  Innovation Solution: a self-service web-based configurator expert that generates (in a few hours) the CAD drawings, quotes, priced bills of materials, and customizable sales proposals.

  Business Results: a multi-million dollar increase in market share revenue one year ahead of the competition; engineering time savings to work on new products; more accurate configurations per product; and a global solution with multiple currencies and languages.

- *Manual interface and communications to and from customers resulted in delays and errors.*

  Innovation Solution: a self-service web portal.

  Business Results: better customer support and service; reduced costs and errors due to paper copies; global approach to currencies and languages; and a low-cost platform for integrating new businesses.

- *Electronic methods for internal communications were email and file shares, causing inefficient collaboration.*

  Innovation Solution: open source Wiki for the operating committee.

  Business Results: the solution has spread virally, with Wiki approach now extended to customer portals for discussions.

- *Top sales representatives manually prepared product mix reports that informed their accounts of what they needed to buy to meet discount and allowance targets; electronic preparation required 2 to 3 hours and MS-Excel skills.*

  Innovation Solution: a web-based product mix report expert that required no Excel skills, which became a required account call practice

  Business Results: reduced preparation time from hours to 5 minutes; increased market share in a down market; and served as a global solution with multiple currencies and languages.