



International Expansion and the Evolving CIO Role at Warnaco



Michelle Garvey
SVP and Global CIO
Warnaco



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

Overview of Warnaco

- Warnaco's history dates back to 1874. The original company designed, manufactured and sold Warner's corsets to retailers.
- Starting in 2001, the company remade itself into a global retailer/wholesaler of a more streamlined brand portfolio with a clear strategy: maximize strategic brands internationally and increase direct to consumer
- Today, Warnaco is a worldwide leader in the apparel business
 - \$2.5B+ apparel company with globally respected brands in intimate apparel, sportswear, accessories and swimwear
 - Established and growing International presence – almost two thirds of our revenues are international
 - Multi-channel distribution platform – wholesale across multiple concepts, freestanding retail, shop in shop, concession, e-commerce...
 - Revenues about a third direct to consumer;
 - Global wholesale and retail presence in Calvin Klein Jeans, Underwear, and Swimwear



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

CIO Executive Council
Leaders Shaping the Future of Business

Warnaco Brands





REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

The CIO role at Warnaco

- After emergence from bankruptcy, a new management team was brought in to move the company forward
- I was part of the new management team, hired to raise the bar
- By “raise the bar”
 - 80+% of production servers were past end of life
 - Mission-critical software products were off support
 - Each brand had a CIO with no global oversight
 - 14 direct reports to the CIO (as per the org chart... and a few more who thought they were)
 - “shadow” IT departments in divisions, in countries...
 - IT spend well in excess of industry benchmarks
 - Excessively complex application portfolio
 - 8 POS systems
 - 11 GL systems
 - 16 charts of accounts
 - Etc....

CIO orientation



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

- First 100 days:
 - Evaluate the staff – meet the directs, a level down, and anyone who requests a meeting
 - Interview the management team (and the board, if you can)
 - Interview the key users
 - Inventory the systems – quality, status, release level
 - Inventory the hardware – age, support status, capacity/utilization
 - Inventory of contracts
 - Read the audit reports (internal and external)
 - Review the key management reports and KPI's
 - Read the consultant proposals
 - Read the minutes of key meetings
 - Re-read the position description the recruiter gave you

CIO orientation



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

- Deliverables for the first 6-9 months:
 - Produce a strategic plan: vision for priorities for the next 3-5 years
 - Produce a tactical plan: timelines/resource requirements for the first year
 - Pick and deliver a “quick win”
 - Optimize the organization: structure, skill sets, location, sourcing
 - Organize the governance model to set and sustain priorities
 - Prioritize and select core, globally standardized systems
 - Fix the “burning platforms”
 - Define and begin to implement global business analytics with a standardized data model – “one version of the truth”
 - Identify and implement strategic point solutions: key differentiators



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

Where is the growth?

- Background:
 - Warnaco international revenue went from 25% of \$1.4B in 2004 to 60% of \$2.5B in 2011
 - Warnaco operates in over 100 countries today
- Going forward:
 - 423 of the top 600 cities are located in emerging markets
 - Today these cities account for 15% of global GDP but they will generate more than 45% of global GDP growth
 - China region's 225 cities alone will contribute ~30% to global GDP growth
 - Rapid growth in emerging market cities is driven by above-average population and per capita GDP growth
 - Population will grow to 1.5 billion total, an increase of 40+%
 - Average income will more than double, from \$13,000 to \$31,000
 - These cities will account for 20% of the global population and 30% of global GDP by 2025
- Therefore: greatest growth will be in emerging markets



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

CIO Executive Council
Leaders Shaping the Future of Business

Technology Strategy

Drive to a replicable template that supports both organic growth and acquisition

- **Standardize** on a common suite of systems for core functionality
 - Implement standard global systems where possible to drive maximum efficiency in support and enhancement
 - Where global systems are not appropriate, implement and support regional platforms, with division/brand level solutions only where necessary
 - Solid foundation systems precede strategic development/ enhancements for optimal ROI - IF the timing can work
- **Replace** the “burning platforms”
 - Continue the current path of replacing obsolete system hardware and software components
 - Harden the infrastructure in emerging markets
 - Significant investment has solidified the infrastructure but continuous investment is necessary to maintain the replacement cycle
 - Drive simplification of infrastructure components: server virtualization and consolidation, automated management tools, data center consolidation, risk mitigation/redundancy
- **Implement strategic point solutions** to support the tactical and strategic priorities of the business



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

Organizational Strategy

- “Modified Federated” organization structure
 - Global technology and infrastructure teams report centrally
 - Strategic/functional expertise managed centrally
 - Regional IT directors dotted line into local management and matrix into the functional experts
 - Manage local and regional projects
 - Participate in implementation and support of global and corporate systems
 - Represent the divisional needs to corporate, and market the global tools to the region
 - “Centers of excellence” collocated with the users
 - Local staff for “high touch” activities:
 - Desktop support
 - Analytics/business intelligence
 - Training and quality assurance
 - Regionally based infrastructure and applications support



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

Challenges? What challenges?

- The need is enormous, the resources are finite
- Need to balance being a highly responsive business partner with the drive to standardize processes and platforms
- Organizational complexity/matrix management: who gets to vote? Who gets to decide?
- “Rubik’s Cube” rollouts
- User resources required to ensure success are not in IT’s direct control and have competing priorities
- Change resistance (“we need to standardize... everyone do it my way!”)
- Organizational ADD
 - “People think focus means saying yes to the thing you’ve got to focus on, but that’s not what it means at all. It means saying no to the hundred other good ideas that there are” - Steve Jobs
- Project success = on time, on budget, on scope – but actual system success is much broader.
- Cost is in IT, value is in the business – how to link causality for things like revenue growth, margin, turn...?

What does “success” look like?

Answer: business alignment



REGIONAL
FORUMS for
SENIOR IT
LEADERS

- Run IT like a business.
 - Support the business of the company and its customers 100%.
 - The business objectives are your objectives.
 - Focus on results.
- Talk straight. Overcommunicate.
- Be clear about investments and timing - manage expectations.
- Measure what's important and publish what you measure
- Manage tough (but don't be mean)
- No whining. No one has money, no one has extra resources, everyone already made cuts
- Build an energized team that's customer focused - no amount of talent makes up for bad fit.
- Manage risk
 - Build a great PMO. Standards and process are the safety net.
 - Think through the impact of every change, and always have a back-out strategy.
 - Never take shortcuts with compliance
- Be flexible. It will all be changed tomorrow, so stay awake.

Produced by



In partnership with sister organization

CIO Executive Council
Leaders Shaping the Future of Business



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

Time goes on...

- “The Strategic Plan”
 - Year 1, 80% on target
 - Year 2, 50/50
 - Year 3 largely remains Year 3 for 5 years now
- The world changes faster than the plan can be executed
 - Acquisitions, divestitures, compliance, SEC...
- Emerging markets are not known for stable infrastructure
- Management shifts drive priority changes
- Nothing ever happens faster than you think it will (except direction changes)
- The “consumerization” of IT
- Shifting sourcing models (people, platforms...)
- Increasing sophistication of security threats
- Mobility demands...
- The pace of business change is faster than traditional development methodologies accommodate



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

What is the “new normal”?

“your job is to think of what I’m about to think of before I think of it, and have it ready for me when I do think of it”

- IT as the “hybrid worker” – business savvy subject matter expert, with technical skills, able to leverage new platforms
- Need to build the platform that enables nimble response
- The business looks to IT to drive assets across the enterprise: turn data into action
- Move from supporting the business to driving new business ideas
- Drive leadership:
 - at the enterprise level (mission/value/ purpose)
 - At the organizational level (cultural fit, courtesy, respect)
 - At the personal level (lead from the front by example, address your own habits)



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

How do you stay fresh?

- Answer: “fire yourself”
 - Approach the job with fresh eyes, and redo the assessment of what the last guy did wrong – even though you are the last guy
 - What is the new measure of success?
 - Validate the frustrations/priorities of the key stakeholders
 - Make sure you have the right relationships across the enterprise
 - Measure independently: survey user satisfaction
- Make sure YOU have the right skills:
 - Financial management
 - Change management
 - Negotiation/decision support
 - Communication
 - Performance management
 - Business process optimization
 - ON TOP OF cost management, customer support, program management, asset management...
 - Technical skills are just table stakes



REGIONAL
FORUMS for
SENIOR IT
LEADERS

Produced by



In partnership with sister organization

 CIO Executive Council
Leaders Shaping the Future of Business

What do you do now?

- Stay connected across the business
 - “the good news about the CIO job is you get to work with everyone across the business. The bad news is you have to work with everyone across the business”
 - Managing up isn’t ever enough
 - Invest your time building strong relationships with peers across the organization
 - Build relationships in person, maintain them with technology
- Invest in a strong team
 - Depth of talent – build multi-level succession plans and develop people with talent at all levels
 - Breadth of skills – broad technical and business skills, and the exposure to develop leadership abilities
 - Invest in your people – training, yes, but your time and energy
 - Retool the organization to enable growth even as the pyramid flattens
- And every few years, make sure the job still fits YOU:
 - “you can fit a round peg into a square hole, but you need a really big hammer...”

CIO

PERSPECTIVES



REGIONAL FORUMS for SENIOR IT LEADERS

Produced by



In partnership with sister organization



Q & A

