

# Baseline

## **The Bottom Line Per ... Michael Radcliff**

By **Baseline**

As chief technology officer of Ingersoll-Rand, Michael Radcliff sets technology strategy for a diversified \$10 billion company that sells everything from industrial air-conditioning systems to road-paving equipment. He spoke recently with Baseline about deploying IT in a difficult economy. Here's some of what he said.

**Q: How do your agreements with technology providers change at a time like this?**

**A:** The tough times have given us an incentive to aggregate all of our technology spending across every business. We make ourselves efficient to deal with on a worldwide basis for our suppliers. In return, we expect to share some of the productivity savings.

**Q: Ingersoll-Rand has some very specific objectives related to revenue growth, operating margins, diluted earnings per share and cash flow. To how many of these objectives can IT contribute directly?**

**A:** I'm not aware of any business metric in today's world that IT cannot make a contribution to, either positive or negative. But you can't just look at the performance of technology alone. People, process and technology working together is the only thing that you can measure. Do my inventory turns go up? Does my cost of transportation go down? Does my cost per order processed go down? What's my customer satisfaction level? Those are the metrics that are most meaningful to any technology leader. Without the business metric, the technology metrics are pretty meaningless.

**Q: How do you control the downside risk in investing in a new technology?**

**A:** I think you hold all of the parties that are involved in a project accountable for what they are getting paid to deliver. In the case of your internal teams, they have to stay on schedule and on budget. You just have to decompose a project so that you time-box and dollar-box every activity. And you have to manage your milestones in such a way that you checkpoint very frequently both your progress and your spending level. If you're not making it, you've got to be brave enough to blow the whistle and say, "Guess what, guys, we may not be able to get the return that we want at the investment level we had targeted." You make a difficult decision, which can be either to rescope the project or shelve it for a better day. Or you may need to simply go at it differently—with better technology, a different integrator or different people participating from inside the company.