

The CEO Forum

Special Edition on **Transformational CEOs**

www.ceoforum.ceo



Dan Hesse
Former CEO
Sprint



Terry Jones
Founding CEO
Travelocity.com



Jim McCann
Founding CEO
1-800-Flowers

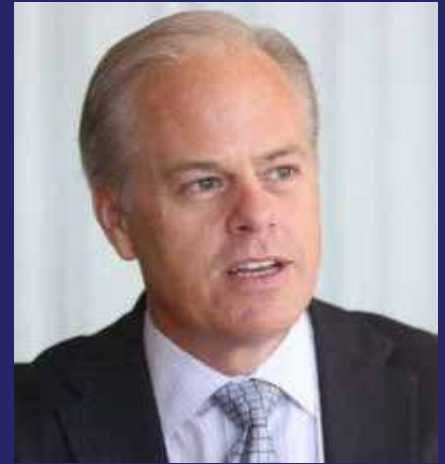
Exclusive Interviews with:



Steven J. Corwin, MD
President & CEO
NewYork-Presbyterian



Jack Mitchell
Chairman
Mitchell Stores



Mike Gregoire
CEO
CA Technologies



With the bubbling up of the Digital Revolution, many CEOs saw the success that pure play Digital enterprises were beginning to enjoy and also these Enterprises were redefining many well established principles of success. I was also one such CEO who saw what was coming and this set me on the Digital Transformation path. I was privileged to be leading Mphasis - a billion dollar differentiated enterprise in the IT Services business and Mphasis' Customer centric culture gave me an ideal platform to undertake this transformation.

The self-Transformation of CEOs and its linkage to the Digital Transformation of an enterprise is a relatively under explored field. Premise that successful CEOs of traditional enterprises need to go through self-transformation for them to effectively lead Digital Transformation, has guided my self-transformation journey. It is natural to think that a CEO of an IT services business would be wired to succeed in the emerging world of Digital; I realized this was not true. Many beliefs that built my successful track record had to be shed first. I had to get to the core of personal and corporate culture, decision making, hierarchical work model and time prioritization to rewire myself. Being surrounded by pundits of the tech industry and immersed in tech related conversations weren't sufficient. Process of reverse mentoring , overcoming fear of failure, learning from stalwarts of industries other than tech and co-opting customers added to my transformation effectiveness. I realized that Digital transformation is not all about technology, but that it is 'also' about technology.

In my self-transformation journey, I was lucky to meet Robert, who in his capacity as the host & CEO of The CEO Forum has interviewed more CEOs than many of us get to meet in our life time. He enjoys an unparalleled reputation amongst the CEO community. I recognized the potential learning opportunity that collaborating with Robert would bring to me and thus began the Transformative CEO series.

Each one of the six CEOs that Robert and I interviewed have had a stellar record in making their ventures successful and have undergone multiple successful transformations. It was an amazing experience for me to interact with these well-grounded professionals and listen to their personal war stories. I welcome you to join us in picking up the nuggets from these interviews and would like to sign off by acknowledging Robert's ability to distill these nuggets that has added a lot more worth to the entire series.



Ganesh Ayyar

To our readers of The CEO Forum magazine, our promise to you has always been that this is the only magazine by CEOs for CEOs, received exclusively by 10,000 top CEOs. Ever since I co-authored *The Transformative CEO* (McGraw-Hill 2012), CEOs have asked me for ideas how they can bring transformation to their organization. I have shared perspective learned from interviewing 750 CEOs, and usually start my answer with my definition of a Transformative CEO as someone who “creates new value that reinvigorates a company, reinvents an industry or reboots society.” Recently I had the fortune to meet Ganesh Ayyar, ex-CEO of Mphasis, who told me the important insight that the most Transformative CEOs in the digital world do something differently – they first transform themselves personally. That discussion was the seed of the thought provoking content you are about to read.



In this special edition of The CEO Forum, entitled, The Transformational CEO Forum, we feature six Transformational CEOs who have reinvented six industries by, “transforming themselves and then their business to succeed in the digital age.” You will hear verbatim from these CEOs as well as a special section where they provide one phrase answers to share their definition of key phrases including: virtual reality, digital revolution, digital 2050, culture and customer. The six Transformational CEOs, who all share both their business and personal transformations, are:

Telecommunications: Dan Hesse discusses the historical perspective from behind the scenes how the Internet and digital world were formed and the direct impact that it had and will have on the telecommunications industry, first from his position as CEO of AT&T Wireless and then as CEO of Sprint.

Travel: Terry Jones has a unique perspective on transformation in the travel industry. First he worked as an intrapreneur and inside American Airlines created a new concept resulting in him being the founding CEO of Travelocity. After that he was co-founder and Chairman of the entrepreneurial company, Kayak. Since then he has created yet a third transformational model in the travel industry, Wayblazer. He then wrote the breakthrough book, ON Innovation.

Online Retail: Jim McCann is founding CEO and currently Chairman of 1-800-Flowers.com which pioneered many disciplines including 800 numbers, e-commerce, the flower industry and, in fact, the entire model of the digital customer experience in retail.

Healthcare: Dr. Steve Corwin, as CEO of one of the nation’s most transformational healthcare systems, NewYork-Presbyterian, shares how digital is completely transforming not only healthcare delivery, but, in fact, the very nature of how we as a society function.

Luxury Retail: Jack Mitchell, Chairman of Mitchell Stores, talks about how their philosophy of intense customer service called Hugging has escalated Mitchells to become the leading luxury family owned brand of clothes and accessories in America. He also is author of *Hug Your Customers*, which has become a transformational corporate training program.

Technology: Mike Gregoire, CEO of CA Technologies and formerly CEO of Taleo, shares how digital changes both business and our personal lives. He discusses an entire shift that the digital world is creating which he has coined as our Application Economy.

I hope you enjoy and are inspired by this special issue.

A handwritten signature in blue ink, appearing to read 'RR', located at the bottom right of the page.

Robert Reiss

Portraits of Success

Photo Gallery of Transformational CEOs.



Robert Reiss, Dan Hesse & Ganesh Ayyar



Robert Reiss, Terry Jones & Ganesh Ayyar



Robert Reiss, Jim McCann & Ganesh Ayyar



Robert Reiss, Steven J. Corwin, MD & Ganesh Ayyar



Ganesh Ayyar, Jack Mitchell & Robert Reiss



Robert Reiss, Mike Gregoire & Ganesh Ayyar

The CEO Forum

Special Edition on **Transformational CEOs**

www.ceoforum.ceo



Table of Contents

THE INTERVIEWS

- 8 **Dan Hesse**
Former CEO, Sprint
- 14 **Terry Jones**
Founding CEO, Travelocity.com
- 20 **Jim McCann**
Founding CEO, 1-800-Flowers
- 26 **Steven J. Corwin**
President & CEO, NewYork-Presbyterian
- 32 **Jack Mitchell**
Chairman, Mitchell Stores
- 38 **Mike Gregoire**
CEO, CA Technologies
- 2 **From the Desk of Ganesh Ayyar**
- 3 **From the Desk of Robert Reiss**
- 4 **Portraits of Success**
- 44 **Rapid Fire Questions**

The CEO Forum Team
www.ceoforum.ceo

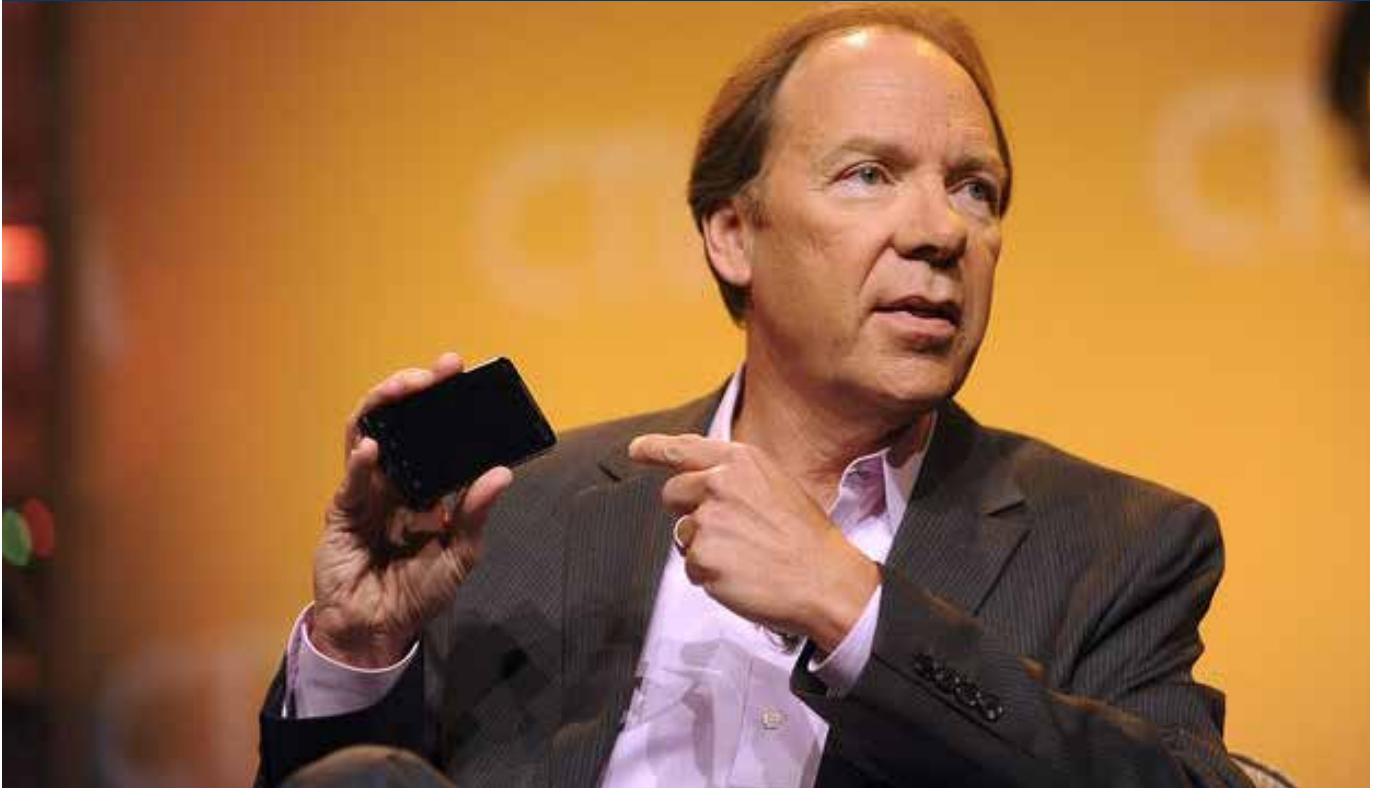
Robert Reiss
Founder, CEO & Host
203-894-9400
robert@ceoshow.com

Deb Russo
Creative Director
203-470-3509
deb@ceoshow.com

Kenneth D. Brown
Business Development
203-249-4490
kenn@ceoshow.com

Allison Burke
Deputy Editor
203-313-9496
allison@ceoshow.com

For sponsorship or advertising opportunities contact **Bill Peters**, Managing Director,
203- 536-1455 bill@ceoshow.com



“The real game-changers I learned about early on were time shifting, place shifting, and the power of creative destruction.”

Robert Reiss: Prior to becoming CEO of Sprint, you were CEO of AT&T Wireless and witnessed first-hand the formative years of digital. Can you share some inside-the-scenes historical perspective?

Dan Hesse: You mentioned AT&T. It was back in the early 80’s and our main business back then was voice telephony. That was the core business – remember “reach out and touch someone?” But during that period, we were given two new technologies to start using ourselves. One was email. This was long before the internet – an “intranet” called AT&T Mail. The second was voicemail, but not from the point of view of you call somebody, miss them, and get their answering machine. The primary new application of voicemail was allowing the user to record a message and send it through the network. These new applications were moving us away from analog, using digital bits, both email and voicemail, to disrupt the core business. The first big “aha moment” was the ability to shift time. If I wanted to send somebody a message at midnight or 1 o’clock in the morning, I didn’t have to worry about waking them up. I could send and receive messages whenever I wanted to.

Time shifting is now a big deal in all types of media. For example, it has changed cable television. If you have a

“We’re getting ready at AT&T for something called Trivestiture. I remember getting a call, ‘Dan, we’d like you to launch this new business. It’s called the internet and there’s a lot of debate on whether it’s going to be a big thing or not.’”

DVR or you get your programs over the internet or over-the-top, you watch when you want to watch. You create your viewing schedule, not the schedule of the TV networks. But what was so instructive for me very early in my career was the notion of “creative destruction.” Our primary business was real-time voice telephone calls. We were coming up with new concepts that were going to compete directly with the core business.

What made these time shifting tools even more useful was mobility, where place, which had been so important in our landline world, lost relevancy. As soon as I got a car phone in the mid-80s, I learned how much more powerful voicemail could be because place was no longer important. I used voicemail to send and receive messages, while in my car (hands free, of course!). It used to be time and place were critically important. Now, time wasn’t important and with mobile phones, place wasn’t important either. The real game-changers I learned about early on were time shifting, place shifting, and the power of creative destruction.

Ganesh Ayyar: What was your personal experience going through this pioneer phase of transformation?

A lot of people forget just how innovative AT&T was as a company back then. These were the days when Bell Labs was the most preeminent research organization, public or private, in the world. I was a young product manager on a product called INWATS and I had a small team from Bell Labs assigned to me to work with me. Back then, there were payphones everywhere, at every gas station, at every intersection. INWATS was basically for truckers or for transportation companies where drivers go to a phone booth to call dispatch, but they would need exact change to make the call. INWATS was a toll-free number product for trucking companies, a small, niche business.

We decided to do market research to see if there might be new applications we should put into the next “generic” soft-

ware load into AT&T’s long distance switches, the 4ESS. The market research showed that if we created the capability to make customized numbers, like 800-FLOWERS or 800-CARRENT for example, or shift calls to different locations or call centers depending on the time of day, for instance in the morning, calls could go to the east coast, in the afternoon, to the west coast, we might create a brand new business. So we changed the name of INWATS and created something very different, “Enhanced 800 Service.” We developed many telemarketing programs around these new 4ESS features, sold the new “telemarketing” concepts to American businesses, and the old INWATS went from insignificant revenues for the giant AT&T to where the newly-created 800 Service represented almost half the long distance traffic on the network during the business day five years later. I had the opportunity to learn how to create, which was critical, because with a large market share, AT&T back then couldn’t grow by taking share from competitors.

Let’s fast forward a few years later. It’s the end of 1995. We’re getting ready at AT&T for something called Trivestiture. I remember getting a call, “Dan, we’d like you to launch this new business. It’s called the internet and there’s a lot of debate on whether it’s going to be a big thing or not.” A nickname I was given at headquarters once I started this new job was Rubber Ducky (a nickname in a hit song about the Citizen’s Band Radio) because the CB Radio was a well-known example of a “fad of the year” that had faded, and lots of people at AT&T thought the internet was going to fade. But when we were doing the business case for the internet, we realized that our objective on 800 Service was to have the 800 number at the bottom of every ad for every company, as the front door of that company, but that when we launched the internet business, the internet address or URL, www.hilton.com for example instead of 800-HILTONS, could take a huge chunk out of the 800 business and potentially destroy what had become a large and profitable business.

A few years earlier, at divestiture, I had been asked to

take a look at how we might change a business that we dominated, enterprise private line networks controlled by high-end AT&T PBX's. I was on the development team for the "Software Defined Network" with a lot of Bell Labs folks again, and I ended up selling the very first Software Defined Network, or SDN, I believe the world's first virtual private network, or VPN, to the Exxon Corporation. We put key capabilities of the PBX up in the "cloud." Virtual networks and cloud computing are taken for granted now, but in 1984, this was ground-breaking. The PBX became far less important, as did private lines. I learned that if you want to be at the leading edge, to be a true leader in a technology business, you had to be willing to destroy your existing business.

I was the guest speaker at a reunion of former AT&T executives, asked to talk about my career at AT&T, and one of the people in the group said, "I remember when you got up to give the pitch at the senior leadership group about Digital One Rate." At the time, I was CEO of AT&T Wireless, and wireless was also a new business for AT&T with the recent acquisition of McCaw Cellular. AT&T Wireless made its largest margins on two businesses: roaming and long distance.

Digital One Rate (DOR), which eliminated roaming and long distance fees, should not only put our profitability at risk, but as I was reminded at that recent meeting of

"I learned that if you want to be at the leading edge, to be a true leader in a technology business, you had to be willing to destroy your existing business."

former AT&T colleagues, AT&T was particularly concerned with what "DOR" would do to the calling card business. Back in 1998, if you went to any airport, there were lines of payphones as far as the eye could see and lines of people waiting to make calls on those payphones with their AT&T calling cards. Later, they would go to their hotel rooms and they would use their AT&T calling card as few took their mobile phone on the road because long distance charges and roaming charges were so complex and exorbitant. Digital One Rate transformed the way that business travellers communicated. When I talk

to people who were in the wireless industry in 1998, almost everybody remembers where they were when they heard about Digital One Rate. It was that radical.

I had the opportunity to learn about and apply creative destruction so many times at AT&T. Learning how to create a business is vital. At AT&T when I started, we had 80% or 90% market share. You couldn't grow by taking someone else's customers. We had them already. We had to create brand new businesses. I am so fortunate to have been given the opportunity and the support to do that.

Reiss: This creative destruction was really business cannibalization, which for a leader is most often a challenge. What companies have you seen succeed in business cannibalism?

Many ask why more innovation doesn't come from big companies with money and intellectual property. It's because they have so much to lose -- the hesitancy to destroy the cash cow. That's why new companies often come in and do it. A great example of business cannibalism is Netflix, who came in and destroyed Blockbuster's bricks and mortar with mail-in DVDs. When Netflix owned the DVD mail business, you'd think they'd be on top of the world, however it was just the opposite. They realized where the competition in the future would come from, so they destroyed their very successful mail business by converting to a streaming model. They did it themselves, and that kind of creative destruction is called the "J-curve." At Sprint, I had the opportunity to also apply it later on.

After about four years at Sprint we had become the fastest growing brand among the major US wireless carriers in terms of net subscriber growth rate. We were number one in customer satisfaction. We offered the first unlimited plan which was very successful. Things were going very well, but our weakness was our network. We had a kludgy network as the company had formed from three different companies coming together: Sprint, Nextel and Clearwater. We had three separate, incompatible networks. So we started thinking "How can we turn this weakness into a strength?" The best way was to destroy all three networks: pull the plug, replace every nut, bolt, screw, and wire. It would be a transformation like Netflix's when they moved from mail to streaming. One

“A great example of business cannibalism is Netflix who came in and destroyed Blockbuster’s bricks and mortar with mail-in DVDs. When Netflix owned the DVD mail business, you’d think they’d be on top of the world, however it was just the opposite. They realized where the competition in the future would come from, so they destroyed their very successful mail business by converting to a streaming model. They did it themselves, and that kind of creative destruction is called the “J-curve.” At Sprint, I had the opportunity to also apply it later on.”

needs to be ready for the business to go down for a while before it comes up, a curve shaped like the letter ‘J.’”

We realized that if we ripped everything out of the network, it was going to disrupt customer service. It was going to disrupt the network customer experience because you can’t do it without any perceivable impact. There was no playbook. No one had done what we were attempting that we could learn from. We believed we could create something special if we got rid of three networks and built one network optimized to take advantage of the low-band spectrum from Nextel, the mid-band from Sprint, and the high-band spectrum from Clearwater, and add in emerging technologies like MIMO and carrier aggregation.

We endured two and a half years of network service disruptions, and resulting subscriber challenges, as we made these massive changes to the network, but once we were done, we had a fantastic network, crucial to growing in the future. The willingness to “destroy” a current way of doing things and create something entirely new might be required at times to grow in the future.

Reiss: The remarkable thing about the Sprint creative destructive turnaround was not only did you become number one in customer service ratings, but you were the S&P #1 performing stock for your last two calendar years as Sprint CEO ... right ahead of Netflix, coincidentally. When you look at the future of the digital revolution, what



did you see happening?

I think our current digital revolution is the most impactful change in the history of mankind. Wireless is the most rapidly adopted technology in history, and the digital transformation is driven by the mobile internet.

Historically, if you look at national economies, every ten points of mobile penetration – like going from 60% of the people having mobile phones to 70%, that ten points of penetration yields about a half a percentage point or more of GDP growth. In the U.S., a Recon Analytics study concluded that in the last ten years, \$1.5 trillion has been added to U.S. GDP from the productivity resulting from the mobile internet. A digital divide between nations still exists. North America has almost half of the 4G connections in the world and only about 10% of the wireless users, but that disparity should improve. From an environmental perspective, a lot of e-waste, electronic waste, has been created in the U.S. each year to fill up a line of dump trucks bumper to bumper from Washington D.C. to Orlando. But, on the other hand, mobile phones take many things out of landfills because one smartphone could replace your TV, your computer, your flashlight, your camera, your music player, your handheld GPS device and more.

In terms of education, it used to be if you wanted to take special classes like an advanced placement class, you had to go to a large high school or top-notch private high school. Now with online alternatives like Khan Acade-

“I think our current digital revolution is the most impactful change in the history of mankind.”

my, you can be anywhere in the country or the world and have access to the best educational resources.

Regarding safety, these devices contribute to distracted driving accidents, but on the other hand, smartphones increase safety too. You can dial 911 anywhere, smartphones can locate your children if they carry phones, they provide helpful warnings and instructions during natural disasters, and they're very helpful to first responders.

The societal impact of the mobile internet has been massive. An Elon University study concluded that a young, digital generation is growing up with something they call “fast-twitch wiring.” On the positive side, they're fast-acting multi-taskers. They find it hard to “relax” or do just one thing. If you watch young people watch television, they're likely on their smartphone at the same time. They also can be decisive. That's positive from a productivity point of view. On the other hand, Elon found less deep thought and reflection, plus a need for instant gratification. This generation can be almost addicted to their device. It's been called FOMO, fear of missing out.

In my view, perhaps the greatest societal benefit from the mobile internet will come as we age. There's speech to text for the hard of hearing, text to speech for those with trouble seeing, self-driving cars, personal assistants with artificial intelligence, robots, social networking which allows us to stay connected as we age, and some will use crowd-sourcing techniques to tap the vast reservoir of experience of our retired workforce, which might also give the aging a greater purpose in life. We'll be able to live independently longer. There are some negatives from the societal changes coming as a result of the mobile internet, but more pluses than minuses.

Ayyar: What advice would you give to a CEO who has successfully run an analog business to be successful in the digital world?

Number one, and it's hard to do with Wall Street the way it is today and the pressure on the short term, is to take the long term view and to look around the corner. If you're just focused on the next quarter, your traditional competitors, or new competitors you're not paying attention to, may change the playing field. Change could come from new technologies or applications not widely used now, like virtual reality. Look ahead, not down, and be willing to creatively destruct. As I was describing with respect to Sprint, the J-curve comes with short term pain before the long term gain.

Number two is delegate. To keep up with the information deluge and constant change, all your people have to be alert, involved and engaged. A company moves as fast as the number of decisions that are made everyday, which is directly related to the number of decision makers that you have, so you need to delegate.

Continuous learning is incredibly important and more important than ever. We would travel as a senior team at Sprint regularly to Silicon Valley to meet with angel investors, leading private equity funds and start-ups to keep our finger on the pulse of innovation. We would immerse ourselves in courses at Singularity University where we would learn about 3D printing, robotics, artificial intelligence, and machine learning, fields that may not be “core” to our business today but have the potential to transform or grow our business.

Finally, build a culture focused on innovation. We celebrated innovation, and had a language about new ideas.

“Historically, if you look at national economies, every ten points of mobile penetration – like going from 60% of the people having mobile phones to 70%, that ten points of penetration yields about a half a percentage point or more of GDP growth. In the U.S., a Recon Analytics study concluded that in the last ten years, \$1.5 trillion has been added to U.S. GDP from the productivity resulting from the mobile internet.”



Interview aired: 1/15/2017

Dan Hesse currently serves as a member of the board of directors of PNC Financial Services Group, Inc. (NYSE: PNC) and Akamai Technologies (NASDAQ: AKAM). Dan served as President and CEO of Sprint Corporation from December 2007 to August 2014. Previously, Hesse was the Chairman and CEO of Embarq Corporation, a \$6 billion telecommunications services company. From 2000 - 2004, he served as Chairman, President and CEO of Terabeam Corporation, a wireless telecommunications technology company. Hesse spent 23 years at AT&T. From 1997 - 2000, he served as the President and CEO of AT&T Wireless Services, at the time the United States' largest wireless carrier. He served as a member of the board of directors of VF Corporation from 1999-2008 and of Nokia from 2005-2007. He received a BA from Notre Dame, an MBA from Cornell, and an MS from MIT where he was awarded the Brooks Thesis Prize.

“In my view, perhaps the greatest societal benefit from the mobile internet will come as we age. There’s speech to text for the hard of hearing, text to speech for those with trouble seeing, self-driving cars, personal assistants with artificial intelligence, robots, social networking which allows us to stay connected as we age, and some will use crowd-sourcing techniques to tap the vast reservoir of experience of our retired workforce, which might also give the aging a greater purpose in life.”

We called them “nukes.” We celebrated patents. In my last two years at Sprint, we were being granted on average of over two U.S. patents every business day. Ingrain innovation and creativity in your culture.

Reiss: Dan, we’re going to do our rapid fire segment. I’ll say a word and you give a one word answer.

Virtual reality. Immersive.

Digital revolution. Mobile enabled.

Digital 2050. What’s the difference between real and not real?

Culture. Eats strategy for breakfast.

Customer. Never forget your people are your internal customers.

Thank you for sharing this historic perspective with us.

In addition to receiving Corporate Responsibility magazine’s Lifetime Achievement Award, he has been named “Most Influential Person in Mobile Technology” by LAPTOP magazine (Steve Jobs was #2), Wireless Industry “Person of the Year” by RCR magazine, “Executive of the Year” by Wireless Business and Technology magazine, “CEO of the Year” by the National Eagle Leadership Institute, “Kansas City’s Best CEO” in a readership poll by Ingram’s Magazine, one of the five “Best Turnaround CEO’s of All Time” by Fierce Wireless, one of “10 Inspirational Leaders who Turned Around Their Companies” by Entrepreneur magazine, and he has twice received Wireless Week magazine’s Leadership Award. Glassdoor consistently named Hesse one of America’s highest rated CEO’s by employees. Hesse received the American India Foundation’s award for excellence in corporate leadership and philanthropy. He serves on the National Board of Governors of the Boys & Girls Clubs of America, the board of directors of the JUST Capital Foundation, and on the advisory boards of the New York Global Leaders Dialogue and of Rutberg and Company.

The 2014 American Customer Satisfaction Index recognized Sprint as the most improved U.S. company in overall customer satisfaction, across all 43 industries, over the previous six years. During Dan’s years at Sprint, the company was recognized 20 times by J.D. Power and Associates for excellence in customer service. For his last two full calendar years as CEO, Sprint’s Total Shareholder Return (assuming reinvested dividends) ranked #1 among all S&P 500 companies.



“You can’t expect your organization to transform if you haven’t changed yourself.”

Robert Reiss: As founding CEO of Travelocity and the co-founder and Chairman of Kayak, what does the word **transformational** mean to you?

Terry Jones: I think of it in the context we’re here today talking about digital transformation and it’s so important today for CEOs to adapt and ingest what the digital world means if they’re going to transform their organizations. You can’t expect your organization to transform if you haven’t changed yourself.

Ganesh Ayyar: Any insights you learned from your childhood?

I grew up outside of Chicago. I had a pretty traditional middle-class upbringing. My father was in the advertising business so I learned a lot about all kinds of businesses from him. One of the transformational experiences for me, which a lot of people don’t know, is I spent 14 summers at a boy’s camp in Canada which was about camping and canoeing in the

“When I was a kid, we had a chemistry lab, a print shop and electric trains in the basement. My dad was an amateur radio operator so I helped him build electronics. We did a lot of sports like skiing and we would repair skis and build things, including a go-kart. Early experimentation is great, and as a kid, it teaches you that failure is okay.”

woods. I spent up to 40 days out on these very difficult trips in the wilderness. That changed me; it challenged me a lot. In fact this year with some other guys, I raised \$700,000 to buy that place and donate it to someone to keep it alive because all the people I’ve talked with who have been there, have had their lives transformed by it. An early challenge like that was very useful for me in helping me face challenges later on in life.

Failure is helpful. I was always a reader and my parents encouraged that a great deal. Because my dad was in advertising, we had 40 different magazines in the house. I spent a lot of time reading all kinds of things, and we were allowed to experiment. When I was a kid, we had a chemistry lab, a print shop and electric trains in the basement. My dad was an amateur radio operator so I helped him build electronics. We did a lot of sports like skiing and we would repair skis and build things, including a go-kart. Early experimentation is great, and as a kid, it teaches you that failure is okay.

One of the things you must learn is that failure is okay. When you’re a kid, you fail, you move on. When you’re an adult, you are terrified to fail. I’m giving a speech about Henry Ford and Elon Musk. Both of them talked about how failure is allowed and failure is good and, if you’re not failing, you’re not innovating harder. Those guys are a hundred years apart! I learned that it’s okay to have some small mistakes and fail and particularly in the digital world, it’s extremely important to be able to have those failures and move on, because that is how learning happens.

Ayyar: Tell us about your early professional background and the triggers which made you believe that you have to undertake the journey of transformation.

I fought for change from the beginning. In my first job, I was a travel agent in Chicago and I made my first reser-

vation via telegram! That’s how backward my company was and I tried to get my CEO to buy a teletype but he wouldn’t do it. Very quickly my manager and I quit and we started our own company because we wanted to change and we immediately started adapting new forms of technology. I worked there for six years. We built a big company and we installed computers and I got really interested in computing. I quit and went to a computer company because I became more interested in the technology than I was in being a travel agent. I’ve been that way my whole career. I’m always reaching for that next bit of technology and there is still so much to change and transform.

Three years ago I started an AI company. Here I am at 68, pushing AI. I spoke in an AI conference yesterday. I was definitely the oldest person there. That’s just become part of my DNA - I always want to reach for and try the next - my path has always been digital.

Reiss: What advice would you have for aspiring CEOs?

Maybe it’s a cliché but I gave a graduation speech recently and I said, “Look, you people are going to have a dozen different careers. It’s not just different jobs, it’s different careers. That’s how fast technology is changing.” It’s incredibly important to be a life-long learner. I think back to my childhood and reading all those different magazines, I became exposed to many different technologies. It is about understanding the world as broadly as you can and understanding both the human needs, how the technology works and, more importantly, how to use it.

The most important thing to do in technology is the intersection of what the technology can do from a technology side and what the people want. The key is how you put them together. It’s nice to be a pure technologist and it’s nice to be a pure marketer but the real value is putting marketing and technology together. When you

“I’m giving a speech about Henry Ford and Elon Musk. Both of them talked about how failure is allowed and failure is good and, if you’re not failing, you’re not innovating harder.”

have enough knowledge to see these intersections you can create great products.

Reiss: Building Travelocity within the American Airlines structure must have been quite an interesting experience because it was unprecedented.

Travelocity was fairly unusual because it was built inside of American Airlines so this was intrapreneurship. So I struggled with how do you build a transformational fast-moving entity inside of a very successful but slow moving, regimented bureaucracy. I had to understand how I could be the face of the company to the staid upper management while at the same time getting the people to move quickly and change and be entrepreneurial. I really struggled with how to do that. One of the things we decided to do was move out of the building. Rosabeth Kanter at Harvard says, “Think outside the building.” So we moved away and that helped us create our own culture. We did things like put a Travelocity sign in front of the building, and then I got a call from facilities saying, “You can’t have your own sign. You can’t have your own name. You have to be named the same as the company.” I said, “Yeah,” and hung up. A week later they came and unbolted it and took it away.

“It’s nice to be a pure technologist and it’s nice to be a pure marketer but the real value is putting marketing and technology together.”

But that day, they were paving the parking lot so I sent my artist out and we put our logo into the concrete and then it dried there so they couldn’t change it. I had to become a rebel. I was already a rebel -- I was the only guy in 100,000 people at American Airlines with a beard. But I had to learn how to be that rebel in a suit and that was a challenge to have that tension of being the entrepreneur and being the corporate person at the same time. It was difficult.

Reiss: Where did you go to get advice because you were really creating something unprecedented?

That was very hard because I didn’t have venture capitalists who could help me. I wish I had joined something like YPO, Young Presidents Organization, to meet with other presidents. I met with a group of people in the same industry and didn’t have enough diversity. I would encourage people who are in small business to reach out to as many people as they can, whether it’s YPO or the other organizations similar through VCs. They can be so important because they’ve seen startups over and over again. They’re very good at coaching young CEOs. That input is incredibly valuable and doing it all yourself is the recipe for failure. You need a support network. I did have a very inspirational leader, Bob Crandall, our CEO. He was an amazing leader, but a very difficult guy to work for, very mercurial, very tough but also a guy who could run this huge organization and take risks - watching him balance was really important. He took a big risk because Travelocity was right in the face of our main business, but it was automating travel agents. To do that was a surprising risk for a CEO and I learned a lot about risk taking from him.

Reiss: So you started KAYAK and within eight years, it sold for \$1.8 billion. Talk about the difference between the intrapreneurship model of Travelocity and the entrepreneurship model of KAYAK?

Travelocity was a travel agent. It followed a traditional model but it was online. I left after Travelocity was taken private and I was working at a venture capital firm. We started thinking about what’s next. At the time, I was involved on a board of a company that was involved with internet search, like Google, and we said, “Why isn’t there a travel search company?” One night we had the traditional dinner with the former CEO of Expedia, the former head of Orbitz and the former head of Travelocity and we said, “We have all these people coming to search for pricing at Expedia, Travelocity and Orbitz and then they go directly to American to buy. Couldn’t we build a company that does that? Would that work and how would we get paid?” That was the germ of the idea for Kayak. We had two great people to run it so I became chairman but I wasn’t running it. Between a great technologist and a great marketer, they built an ex-



“One night we had the traditional dinner with the former CEO of Expedia, the former head of Orbitz and the former head of Travelocity and we said, ‘We have all these people coming to search for pricing at Expedia, Travelocity and Orbitz and then they go directly to American to buy. Couldn’t we build a company that does that? Would that work and how would we get paid?’ That was the germ of the idea for Kayak.”

tremely fast nimble small team and we went public with only 200 people. It took 4,000 people at Travelocity.

We were talking earlier about the Special Forces versus the Army. KAYAK was a small force compared to Travelocity – a small group of Special Forces who can create a lot of value.

Ayyar: How should CEOs prepare for the digital future?

Let’s talk about those companies being impacted because I speak around the world on innovation and change and I talk to a lot of those CEOs. First is internalizing the fact that you are going to be changed by digital. CEOs then must look at their business and ask, “What are we in the digital world? What data do we have? What are we gathering? What can we understand?” Let’s look at American Airlines’ Sabre. It became a data business that was worth more than the airline that created it. General Electric is now selling engine maintenance by the uptime hour because of the data they collect. This change is happening quickly and you cannot afford to miss it.

As we look at this revolution, there is public data and industry data, Google will be chewing on all that but then there’s also corporate data. Look inside and say, “What is the data we have and how can I make that data as valuable as the products I make?” General Motors is adding Watson to their cars so that the car will now say

to you, “You’re driving near Starbucks. Should I make the coffee order for you?” They are seeing value in being a platform company where the car is the platform and the knowledge is even more important than the car.

Looking at your data assets is probably the second thing you have to do and then the third thing you have to do is listen to the whole generation of people who were probably six levels down from you and who can really educate you on how this new world works. I tell people in speeches, “Do you have grandkids? Think about them. How do they relate to the world?” They don’t relate to the world the way you do and if you don’t listen to them, they’re going to leave and start a new business that will put you out of business.

Ayyar: Can you boil it down to three tips for CEOs?

Realization of the issue is first. Secondly is to take risk and most people don’t like to take risk so how do we manage risk? Well, the nice thing about the digital world is you could take lots of small risks and the failures don’t hurt you very much. You don’t have to invest very much. Twenty percent of what we do at Kayak every day is a test. We are constantly failing but always learning, so take a risk. Another thing that I would recommend is what they call the Silicon Valley petting zoo. Go out to Silicon Valley. Go to the petting zoo, which means go look at all the firms that are out there. Understand what’s happening in your industry. Where are people investing?

“I speak around the world on innovation and change and I talk to a lot of those CEOs. First is internalizing the fact that you are going to be changed by digital. CEOs then must look at their business and ask, ‘What are we in the digital world? What data do we have? What are we gathering? What can we understand?’ Let’s look at American Airlines’ Sabre. It became a data business that was worth more than the airline that created it. General Electric is now selling engine maintenance by the uptime hour because of the data they collect. This change is happening quickly and you cannot afford to miss it.”

You can’t play whack-a-mole with 3,000 startups a year. So you have to look at the trends. What are the trends and how is that happening? I was with a company the other day, the Hartford Steam Boiler Insurance, a 150 year old company and I was talking to the CEO. Do you know what he’s doing today? Cyber insurance! And he’s investing in the internet of things. Maybe it’s because this company is 150 years old? Maybe it’s because the leaders have looked out to the future and have said, “I sell boiler insurance. But I really just help reduce risk. These new technologies come with lots of risk. I can insure these things too. I just have to think about it in a whole new way.”

“I tell people in speeches, ‘Do you have grand-kids? Think about them. How do they relate to the world?’”

Reiss: Now let’s do our rapid fire questions with short answers. Here are the words: Virtual Reality.

Virtual reality could be a revolution in travel. It could show you history in a whole new way so you’re not looking at a pile of rocks, you’re looking at the way it actually was.

Ayyar: I want to intervene. Will it disrupt travel?

It could. There is the good and the bad. We could end up like those people in the movie who weigh 300 pounds and just sat there playing virtual reality all day and never left the couch. I hope not. I hope it’s different.

Reiss: Digital today.

Digital today is the world today. I think the world to-

day has become digitalized. I think Steve Jobs would be shocked to see everybody on their phone all the time. Digital today is about image. It’s visual is the new verbal. It’s all about imagery.

Reiss: Digital 2050?

Digital 2050 will be deeply involved in machine learning and AI. If we do it right, we won’t be talking about digital –

Reiss: AI. Either artificial intelligence or augmented intelligence?

It could be either. Today it’s certainly augmented. In the future it could be artificial.

Reiss: Cognitive.

Cognitive computing is really about assisting humans to do their job in a better way and I think that’s where we are today with things like AI.

Reiss: Customer.

Customer is the driver of all. We have to start from the customer and move backwards and I think customers are moving faster today than ever before.

Reiss: Culture.

Culture eats strategy for lunch, correct? Culture is the most important thing. If you don’t get the culture right, you’re not going to change.

Reiss: Final one, for aspiring CEOs, last piece of advice.



“The nice thing about the digital world is you could take lots of small risks and the failures don’t hurt you very much. You don’t have to invest very much. Twenty percent of what we do at Kayak every day is a test.”

For aspiring CEOs, become that life-long learner and learn as broadly as you can because the world is going to change so fast. It’s the people who put the pieces together who will succeed and lead.

Reiss: On behalf of Ganesh and myself, Terry, thank you for being on the Transformational CEO Show.

Thanks very much for having me.

Interview aired: 1/08/2017

Terry Jones is the Executive Chairman of Wayblazer and managing principal of O.N Inc, a consultancy he founded to help companies in their transition to the digital economy.

Best known for founding Travelocity.com and serving as founding Chairman of Kayak.com, Terry Jones is a powerful voice in the world of entrepreneurship through his numerous speaking engagements and the publication of his book, O.N Innovation. His career path has established him as a thought leader on innovation in our increasingly digital world.

Jones, who began his career as a travel agent, spent 24 years at American Airlines, in marketing and information technology, capping his career as Chief Information Officer of its SABRE division. While at SABRE he led a team of six working on a project that became Travelocity.com. Jones served as CEO of Travelocity for seven years transforming it to a public company with \$3 billion dollars in travel sales.

He left Travelocity when the company was taken private and became part of the founding team at Kayak.com, a company that yet again revolutionized how travel was purchased. He served as Chairman of the company from its founding until it was sold to Priceline for \$1.8 billion dollars in 2013.

He has served on the boards of thirteen public and private companies and currently serves on the boards of Wayblazer, Boingo, Smart Destinations and The Camping and Education Foundation.



“My real education came from those years living and working in those group homes and learning from young men who never realized they were teaching me.”

Robert Reiss: What are some of the experiences you went through and lessons you’ve learned that helped shape your thinking?

Jim McCann: Well, I might need about six or seven hours to answer that. First and foremost, my family comes to mind. I’m the oldest of five children; parents were working class folks. I grew up in South Queens in New York City, a neighborhood out by Aqueduct Race-track. My dad was a small businessman, a painting contractor. His philosophy was “old enough to walk, old enough to work.” We’ve always been a close family, and remain so today. I have a middle brother named Kevin, who is developmentally disabled, which has had a big influence on our lives. We had to take care of him and protect him, and that had a bearing on all of us growing up.

The motivation was to keep me from just hanging around on the streets, so I worked a lot. That is where my work ethic really comes from. I’ve done lots of jobs, but have only had two careers. The first one was a fluke thing. I wound up working in a home for teenage boys and start-

ed as a living counsellor in one of the group homes. As a very young man, I was only a few months older than the oldest boy in the first group home I worked in. I can admit that I was really, really bad at it at the beginning. I thought about leaving, but there was a fellow who ran the agency, a member of a religious order of priests and brothers who I went to go see. I told him of my decision and, to my surprise, he said he wouldn't allow it. He told me I had a good feeling for the work and that all I needed to do is observe the people around me who were successful – mimic them and develop a plan for myself. I took his advice and grew to love the work, and actually spent a great number of years doing it. Later, I ended up in the administration running all of the group homes. That was a transformational experience for me because it was all about growth and learning. Today, the things I do in the workplace, whether it's with 1-800-Flowers or any other company I work with, are absolutely influenced by the core principles I learned from those ten

“Once I realized it was a phone number, because we were the first company whose name was our phone number, we changed it to 1-800-FLOWERS to make sure people understood what it meant.”

young men in those first few years of living in the group homes. The idea that people want to feel like they are part of something. They want to know what the rules are. They want to keep score. They want to, “Love and be loved.” So keep score and have fun along the way.

My real education came from those years living and working in those group homes and learning from young men who never realized they were teaching me.

Ayyar: What was your “Aha” moment when you realized the type of career you could potentially build?

I think the “Aha!” moment for us was another accident. I went into the flower business to supplement my income working in the not-for-profit social work world. I knew I wanted to be in business and, frankly, I hadn't given myself a lot of other choices. I wasn't a good student, I didn't go to those fancy schools, couldn't get into them. They wouldn't even send me an application. So, my pathways to opportunity were limited by my own choices, not all of which were necessarily good ones.

Forty years ago, we didn't use the term “entrepreneur.” I didn't know what it meant or how to spell it either. Spelling is still a challenge for me. But, it wasn't my career path of choice. Back then, if you went to the Harvard Business School, I don't think too many people were checking off “entrepreneur” as a future goal of theirs. They wanted to go into fields like banking and consulting. Now, it's totally changed, and I would say, probably half of a graduating class from a good business school is considering some kind of a business start-up or entrepreneurial endeavor. In those days, that would be unheard of.

I figured I would build a business, so I opened up a flower shop not just to be a florist, but to develop a floral company. Every six months, I would open up another shop. What I found was there was really no economy of scale. These were really hard businesses to run, very hard to control, and we were getting worse rather than

better with scale. So then, when this idea came along for 1-800-Flowers, it was a need we had more than a want, and the first attempt at it failed. I bought the company that owned the telephone number with the idea of transforming our growth path from one of opening more stores to one of consolidating and providing customers with a new and unique access. We changed the name of our company from Flora Plenty, the name of our retail store chain, to 800 Flowers, and then to 1-800-Flowers to be sure that people knew it was a phone number. As a result, we became the first company named for its phone number.

Over the next few years, we transformed our little category by introducing a new technology with the 800 number. Others in our space said nobody would want to order flowers over the phone, and they certainly don't have a need to do it 24 hours a day. They don't want to use their credit over the phone, and they don't want a seven-day guarantee on their product. They don't want any of those things. We thought that was wrong and continued on down that path. Ten years into our business is when we changed our name to 1-800-Flowers.



“We’ve been through four waves as a company, and we’re now entering the fifth wave, which is focused largely on artificial and augmented intelligence (AI).”

My younger brother, Chris, joined the company out of university and has always been into new technology. He’s always experimenting with new things. In the span of just four years, we changed our industry by embracing a technology – well, not really a technology. We call them “waves.” We’ve been through four waves as a company, and we’re now entering the fifth wave, which is focused largely on artificial and augmented intelligence (AI).

The first wave was retail stores. The second wave was the 800 number as our primary access modality, but we didn’t have to abandon our stores. Our franchisees still operate those stores and they’re good businesses. The third wave came as Chris was playing around with new technology and this online world begins to emerge. In 1991, he had a website built for us, but it didn’t matter. Nobody cared as they couldn’t find us. Suddenly, AOL and Prodigy started to change the landscape and

we made sure we got on there. We were the first transaction of any kind that people did on AOL. Then, in 1995, Netscape came along and introduced the first browser, and this thing now called the “internet” began to really take shape. So we start out with the stores, then the 800 number and then the internet. None of the old channels disappear, but new ones emerge and become dominant.

The fourth wave is everything social and mobile, and one aids and begets the other. Our next wave is everything about AI, and it’s one that we’re really excited about. We were very happy this past year to have announced some big partnerships, including one with Facebook, which introduced the 1-800-Flowers Bot. We were the first thing you could do, using the bot, through Facebook’s Messenger platform. Our second partnership was with Amazon and its Alexa platform, making us one of the first things you could order through there. Our

third partnership was with IBM and its Watson platform with our GWYN (Gifts When You Need) concierge. So, we're seeing that fifth wave emerge right now and it's all very exciting.

Ayyar: How do you ensure that you build a culture of experimentation throughout the company?

I think we were surprised that with no money and a lack of a formal plan, we were able to transform our category with just the introduction of the 800 number. As a result, we always had our radar up asking, "What's going to come next? Who's going to disrupt us?" Well, if we can be disrupted and we certainly just demonstrated that a category can be disrupted, let's make sure we're going to disrupt them. As business leaders, we only have a few dials in front of us that influence – we can't control the culture, but we can influence the culture. What do you celebrate, what do you reward, who do you hire, who do you promote? What do you do to lead by example?

Chris being the technology leader of our company, he's always pushing for what's coming through the pipeline. You're expected to have an idea or a point of view of what's next. We celebrate our failures, as well as our successes. Both teach important lessons. We talk about the 50 different technology platforms. Before we focused our activities around the internet, we tried a lot of things. And we have walls of stories and examples of things we failed with. So, it's all about having fun even if you don't succeed, celebrating those things and learning from them.

Ayyar: How do you manage setbacks?

I think it's a struggle in any business, and the larger you are and the bigger the platform, it depends on your organizational structure, it depends on your ownership structure, it depends on your capital structure as far as how much risk you can take. For a smaller company, it's easier to take risk because you have less to lose. The fact that we didn't have money in the beginning made us very thrifty about what we did and didn't do. Our attitude was, if we can only do two things out of the 20 ideas we have, let's really turn the dial up on the ones that we do try.

At the start of the recession, we were tracking 17 different developmental projects. We were always profitable, but for the first time in our history, we had two years that our sales slid backwards. We had to look around and say, "Okay, which of these 17 projects should we eliminate? We don't have the bandwidth to do all of them now." We settled on four, and two of them were social and mobile because we were convinced these two emerging disruptions were going to change our world. We doubled down on those bets and it has since paid off. Now, we're doing the same thing with AI. It will be a long time before those things pay off, but we realize we're a retailer of products and services that help people express and connect. We're a floral and gift company. We are not a technology company, but we do embrace technology and try and make it a part of our lives and use it constantly in an effort to disrupt

"We celebrate our failures, as well as our successes. Both teach important lessons."

Reiss: Now, we're up to a rapid fire round. I'm going to mention a word and you share the first phrase that comes to your mind.

Virtual reality.

Exciting, confusing, not quite sure how it will impact us yet. But clearly, it's coming through.

Digital disruption.

Constant.

Digital today.

Exciting.

Digital 2050.

Can't imagine.

Customer.

Demands the best.



Culture.

Important.

Cognitive.

Moving from us to them.

Reiss: A lot of people want to be CEOs.

They all want to be Ganesh?

Reiss: Yes, they all want to be Ganesh. Here's the question. What advice do you have to aspiring CEOs throughout the world?

Presupposing that I know, I would say that the most important skill or awareness for a business leader to have is that they're leaders, not just doers. The bigger the orga-

nization, the less you do, the more you lead. You don't do anything anymore except try and touch those dials.

Ayyar: That's right.

Make sure we're pointed in the right direction, that people feel like they are a part of something, because your skill in that world isn't so much "doing," but rather, creating environment where others do.

Ayyar: It's so true. I'm in IT services and I don't know how to program. So even if I attempted, I would mess up. It's an expression which I haven't heard before, but it's so true, because ultimately, our role is about dealing with ambiguity and walking down a path which hasn't been walked on before by taking our people and our customers, the whole ecosystem along. I hope and wish that many people think like you, of cre-



Interview aired: 1/22/2017

Jim McCann is a highly successful entrepreneur who took a single New York City flower shop and turned it into a billion dollar omni-channel retailer, and the world's leading gourmet food and floral gift provider. His willingness to embrace new technologies that enhance customer engagement has consistently kept 1-800-FLOWERS.COM ahead of the curve and positioned as a leading innovator in the marketplace. His strategy for growth includes a combination of birthing new businesses and making acquisitions of businesses and brands that resonate with customers for their gifting and celebratory occasions.

Jim is deeply involved in philanthropy and helped found Smile Farms, a non-profit that employs more than 30 developmentally disabled adults. The farmers grow flowers, plants and food products to be sold and used in their local communities.

Jim also serves as Chairman of Willis Towers Watson.

ative destruction because that would lead us to be very successful from moving from the analog world to the new digital world.

We started as a family business. We still have my sister working part time with us. My brother, Chris, runs the company and I have a son – I was so encouraged to see him approach me the day before Thanksgiving. We were working on a project and he said, “I think we should set up other brands that compete with us in different directions. And I think there should be half a dozen of them.” I found myself sitting there saying, “He gets it.”

Reiss: On that inspirational note, great having you, a pleasure too.

Always a pleasure to speak with you both. Thanks so much.



Steven J. Corwin, MD President & CEO NY-Presbyterian



Steven J. Corwin, MD and Laura L. Forese, MD (New York-Presbyterian's Executive Vice President & Chief Operating Officer) address staff questions

“Realizing that telepsychiatry worked so well, opened my eyes to the fact digital really is the future of medicine.”

Robert Reiss: Let's start off with your personal journey. What did you learn growing up that shaped the way you view leadership?

Steven Corwin: The most important experience I had was as a 12-year-old when I started to caddy at a local golf club. You learn a lot about people; you learn a lot about being in a subservient position. I was caddying with other people from various backgrounds, races, ethnicities, religions – it was eye-opening. I think the thing it taught me most is, when you're in a position where you are subservient to somebody, you expect to be treated a certain way and with a certain amount of respect. That has carried over throughout my adult life, and it's carried over into my role as CEO. It was a transformative, eye-opening experience.

Ganesh Ayyar: Could you share with us the “aha” moment which made you think, “I need to embark on a journey of personal transformation and embracing technology?”

*“There is only one customer in our business and that is the patient.
That is our galvanizing principle.”*

I love interacting with people. One of the great pleasures in my life was the ability to, as a physician, interact with patients and families and the entire care team. From caddying, I learned how you relate to other people, how you relate to who they are, where they came from, what their problems might be. As I've developed as a physician, I felt that a leadership role was really important for me because I wanted to translate those values into how we care for people. What became apparent to me as we started to get more into digital was that we could use it to transform the patient-caregiver experience.

We do a telepsychiatry program at NewYork-Presbyterian. It can often be difficult to get a psychiatrist when you go to an emergency room in the region. We're lucky at NewYork-Presbyterian to have many psychiatrists from Columbia and Weill Cornell on staff. They can come to our emergency room and see patients who have a psychiatric need. However, as you go into the greater metropolitan area, that is not always the case.

We made the decision that we were going to do telepsychiatry, that we would take our psychiatrists from Columbia and Weill Cornell and allow them to see patients in a far off regional hospital. I was very concerned at first about how patients would respond to seeing a psychiatrist virtually. However, we found that patients got tremendous value out of the program. The wait time to see a psychiatrist was dramatically reduced and patients responded to that. Realizing that telepsychiatry worked so well, opened my eyes to the fact digital really is the future of medicine.

Think about another example. You care for someone in your family who has heart failure. You have to take off from work to be able to take that relative to the doctor. It takes 30 minutes to get that patient dressed, you have to drive into the appointment, pay for parking, and have a wheelchair coordinated to make sure you can get that relative up to the doctor's office. It takes ten minutes to get your relative undressed in the doctor's office for a

ten-minute visit. Imagine if you could do that at home.

All of the technology exists to take care of a heart failure patient at home, and we are doing it. We can monitor weight, listen to heart and lung function, have a look at their legs for any fluid build up. The consult is finished in five minutes. The productivity advantage here is remarkable. Digital is truly transforming the way we can practice medicine and deliver care.

Ayyar: Your business model is unique in that you have two sets of customers: doctors and patients. How do you bring change into your organization?

There is only one customer in our business and that is the patient. That is our galvanizing principle. In healthcare, we're not making widgets, we're taking care of people. The question we ask ourselves everyday is: What do we need to do to take great care of a patient? Everybody can rally around that – doctors, nurses, food service workers – everyone. And that's the really important thing that we stress: it's about the patient. If we take great care of the patient the clinical and support staff will ultimately be treated well, but doing the right thing for the patient must be the galvanizing principle.

Interpersonal connection is important, and I have found as a CEO that it really is about personally connecting with the people that you're leading. Strategy is important, but personal connection is what gets people to run through walls for the organization because they believe in the mission and cause.

Reiss: Could you give an example of how someone would run through walls?

We have a very advanced heart failure and heart transplant program. Before getting a heart transplant, many patients have mechanical heart devices inserted. A few years ago we had an issue where a patient was driving in Upstate New York over a weekend and their device mal-

Steven J. Corwin, MD President & CEO NY-Presbyterian



New York-Presbyterian's Core Values

“Two of the program’s nurses – who weren’t on duty – drove out an hour and a half to take care of the malfunction and bring the patient back. To me, that is extraordinary.”

functioned and pulled over on the side of the road. Malfunctions in these kinds of devices can result in death. The patient and his wife called the program director. Two of the program’s nurses – who weren’t on duty – drove out an hour and a half to take care of the malfunction and bring the patient back. To me, that is extraordinary.

Ayyar: Healthcare is undergoing tremendous transformation, with advancements in computational biology, computational chemistry, robotics, precision medicine, among others. How do you keep yourself personally updated with these changes?

You cannot know it all. You have to be confident enough as the leader to know the direction you are going and surround yourself with people who are experts in various areas and learn enough to say, “This makes sense,” or “This doesn’t make sense.” I rely on experts – and probe them – but ultimately you have to rely on advice.

I indicate the direction I want to move in, and ask the experts to show me how we make it happen. Sometimes, you are going to have to take a leap of faith based on trust, experience, and expertise and simply place a bet.

For example, it is widely known that we’ve developed the transcatheter aortic valve. Patients with severe aortic valve disease are not candidates for open-heart surgery. We invested in this transcatheter approach with some of the physicians who felt passionately that this approach was going to pay off. That was a decade long process, and you have to have conviction that this is the way the field is going to go. As a cardiologist, I was dubious, questioning whether this procedure would really work. But when you have people who have conviction, you take a chance. This chance paid off as we now have a game-changing technology in the treatment of cardiac disease.

Ayyar: Speaking of cardiology, what was your journey from being a cardiologist to a successful CEO?

“All of these fundamentals: accounting, business planning, project management and team-building, I had to teach myself and learn on the fly. It was an enlightening journey, from taking care of individual patients to somebody who had the knowledge to be able to take care of a large business.”

Well, I wouldn't recommend the approach I took to most, but when I went into cardiology, the chairman of medicine told me I had to do something other than practice cardiology and suggested I become the director of the coronary care unit. That led to being a director of multiple intensive care units, and I realized there was a lot more to medicine than taking care of patients. I had a great knowledge of clinical care, however, I had no knowledge of the business of medicine and how impactful it is in terms of how hospitals can run. I had to teach myself accounting, I took courses to learn how to read a balance sheet. I didn't know how to do simple accounting; I didn't know how to do a business plan. I didn't know the basics of project management. I didn't know the basis of how you do develop effective teams. All of these fundamentals: accounting, business planning, project management and team-building, I had to teach myself and learn on the fly. It was an enlightening journey, from taking care of individual patients to somebody who had the knowledge to be able to take care of a large business, and it was very instructive. It gives you tremendous appreciation for the responsibilities one has to manage an organization effectively, operationally and financially, as well as ultimately how everything is distilled to taking care of one patient.

Ayyar: Let's talk about how you maintain the integrity of the culture that everything is about the patient.

First, you cannot over-communicate. Second, you have to be sincere about what you really believe, what your values are. Third, our aspiration is to be the best hospital and health system in the world. You often look at organizations that have succeeded in that realm and you try to replicate who they are and what they are. But we can't replicate organizations in other parts of the country.

It took me a while to realize that what you have to do when you're in New York is embrace what New York is. And so we have to embrace diversity of gender, ethnicity, race, religion, et cetera and say, "This is a New York way of approaching this business." Our culture and foundation is one of respect and that makes us unique. I think it is the most important contribution that I could make to NewYork-Presbyterian.

Reiss: How will digital change the field of healthcare?

Digital will have – and is already having – a dramatic impact on healthcare. Telemedicine is already transforming the field and has even more potential. For example, we can do second opinions digitally, radiology readings digitally and pathology readings digitally, not to mention, the digital chronic care and psychiatric consults we discussed. We believe all of this will dramatically impact both cost and productivity, while maintaining quality and delivering care to patients in a way that they want it. I tell our team all the time to look at the huge gulf between their experience with Amazon and the patient experience. As digital moves into healthcare, the question is going to be, "How do you replicate that experience in a healthcare-centric way?" If you're not there, the wave is going to pass you by. Yes, there will be brick and mortar, but there has to be this digital revolution. A perfect example is the registration process in a hospital for surgery. We believe that 90% of that should be done online, at home so that when you come into the hospital, people know who you are and where you're going.

While healthcare has lagged, it is important to remember – at least in my estimation – that the digital revolution has been appropriately consumer-centric in terms of transforming experience. We are only in the begin-

Steven J. Corwin, MD President & CEO NY-Presbyterian



Steven J. Corwin, MD speaking with the New York-Presbyterian staff

ning phases of how it will transform the healthcare experience.

Reiss: I'm going to throw out some words and you tell me what comes to mind in a quick phrase or sentence.

Virtual reality.

Game-changing.

Digital revolution.

Foundational but not yet reached its peak.

Digital 2050.

Dominant.

Culture.

Essential.

Customer.

Patient.

Cognitive.

I think cognitive dissonance is something that every CEO needs to pay attention to.

Reiss: Talk about cognitive dissonance.

Steven J. Corwin, MD President & CEO NY-Presbyterian



“It took me a while to realize that what you have to do when you’re in New York is embrace what New York is.”

When you receive various inputs all the time, there are cases when cognitive dissonance occurs, when you realize there is a disconnect between your perception of reality and what reality actually is. That is what a CEO needs to pay attention to. One of my board members once said to me, “Steve, your job as the CEO is to hear the bad news and find the bad news.” Finding the bad news is at the essence of cognitive dissonance.

Reiss: Any advice to aspiring CEOs?

Follow your heart, work hard and make sure you understand what your business is.

Reiss: Dr. Corwin, a pleasure having you on the Transformational CEO Forum.

Thank you both. I really appreciate it.

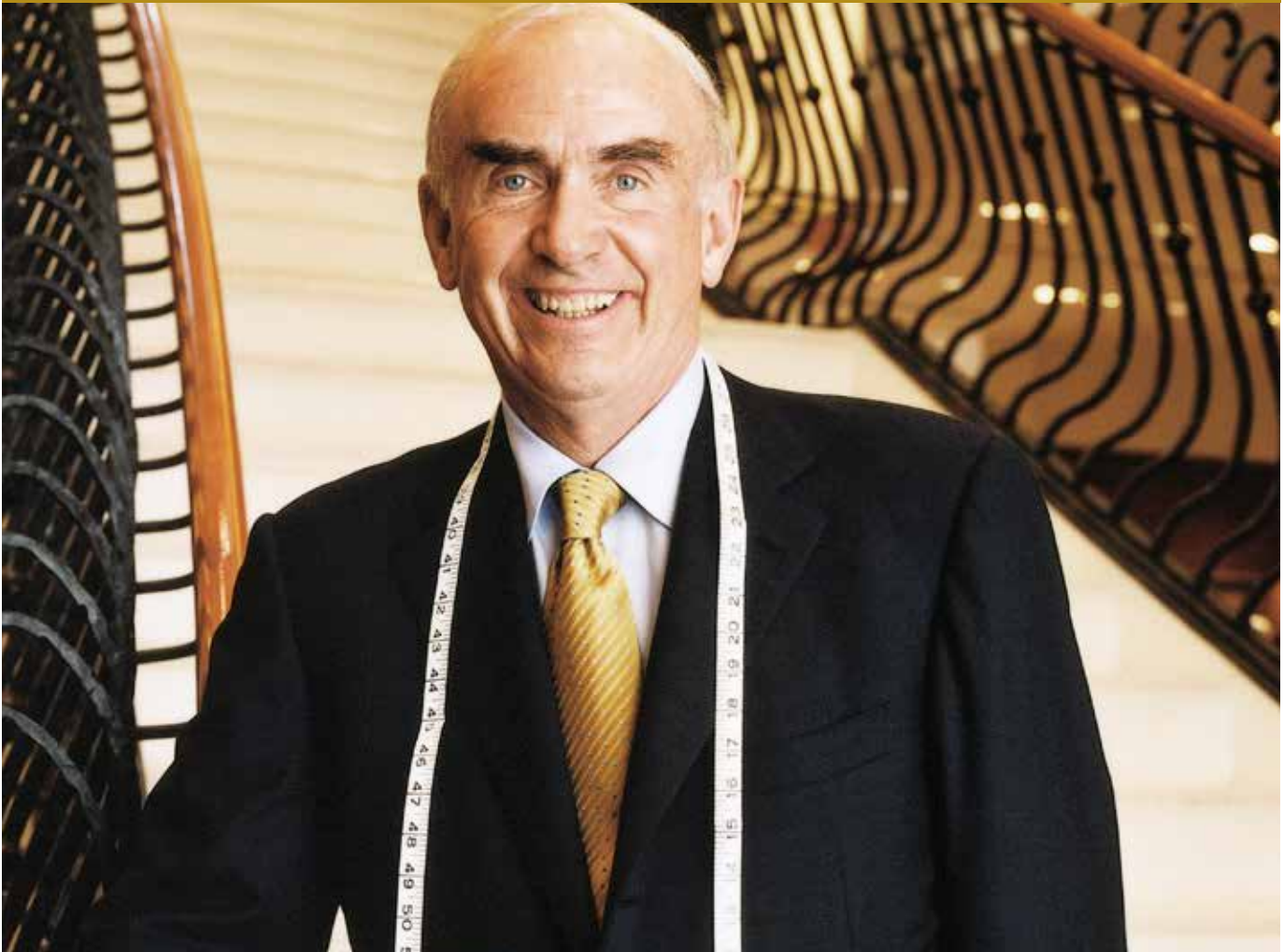
Interview aired: 1/29/2017

Steven J. Corwin, MD, is President and Chief Executive Officer of New York-Presbyterian, one of the nation’s largest, most comprehensive healthcare delivery networks. Under Dr. Corwin’s leadership, New York-Presbyterian has nearly doubled in size and comprises of four divisions dedicated to providing world-class care to more than 2 million patients per year. Together with its academic partners—Weill Cornell Medicine and Columbia University College of Physicians and Surgeons—New York-Presbyterian pursues clinical excellence, engages in pioneering medical research, and provides outstanding medical education to the next generation of doctors. The organization’s six-campus academic medical center, New York-Presbyterian Hospital, has been the top-ranked hospital in New York on U.S. News & World Report’s annual survey of “Best Hospitals” and among the top 10 hospitals nationwide for more than a decade.

A cardiologist and internist, Dr. Corwin obtained his undergraduate and medical degrees from Northwestern University, graduating summa cum laude and with Alpha Omega Alpha honors. He completed both his internal medicine residency and cardiology training at Columbia-Presbyterian Medical Center. Dr. Corwin joined the New York-Presbyterian team in 1979. From 1998 to 2005, Dr. Corwin was the organization’s Senior Vice President and Chief Medical Officer, where he led the development and implementation of 13 clinical service lines, a critical step for the success of the newly merged Hospital.

Dr. Corwin is a member of the Board of Directors of the Greater New York Hospital Association and will serve as its president beginning in June of 2016. He is a member of the Governing Council of Health Care Systems of the American Hospital Association. He is also a Fellow at the New York Academy of Medicine, a member of the Association of American Medical Colleges Council of Teaching Hospitals Administrative Board, a member of the Health Management Academy, and a member of the Advisory Board for the Morgan Stanley Institute for Sustainable Investing

He has received numerous awards and honors, including the Hope and Heroes Award for promoting excellence in pediatric oncology and the VHA Award for Clinical Quality for the design and implementation of an emergency department for chest pain diagnosis and treatment protocol.



“We’re about customers. Our customers are absolutely the center of the universe.”

Robert Reiss: You were cited as one of the 10 visionary retail CEOs of our century. What was an “Aha” moment that transformed your thinking about vision?

Jack Mitchell: The moment that was very powerful for me – and I remember it like it was yesterday – happened back in 2001 when I was asked to be a panelist at our industry’s CEO summit. By the way, I’m in the clothing business, so I just want to make sure everybody knows that we operate men’s and women’s clothing stores. And I always wear my tape measure draped around my neck to remind me of that, because we’re not really about the clothing. We’re about something else, as this “Aha!” moment illustrates.

It was the dotcom era, and the CEO summit was being held at the Boulders in Carefree, Arizona, a nice place to have a beautiful conference. Early in the morning, I was listening to the keynote speaker, Robin Lewis. One of the

“One of the things he asked our CEO audience was, ‘How many of you know your top hundred customers?’ I immediately put my hand up, because I certainly know them all, and I looked around and nobody else had their hand up.”

things he asked our CEO audience was, “How many of you know your top hundred customers?” I immediately put my hand up, because I certainly know them all, and I looked around and nobody else had their hand up. He said, “Anybody know 250?” I was alone waving my hand again. Then he said, “I’m going to say that there is a real transformation occurring in our industry, and we are going to go from a bricks and mortar channel of distribution to online. You have to have a sexy website. Everybody a decade forward is going to have a website, and if you don’t have a sexy one, you will be out of business. You won’t survive the next ten years just with bricks and mortar.” In other words, with a real store like we had.

I listened to that, and then our panel was up. We had six or seven minutes to talk about our business. The first CEO said pretty much the same thing. Everybody was cheering. They were all agreeing that this was the future. The next CEO, same spiel. I got up. It was one of these nice stages where you can walk right down among all of the participants and I said, “Not only are we going to survive to the next decade but we’re going to thrive. We’re going to thrive because we’re about something I haven’t heard anybody talk about yet. We’re about customers. Our customers are absolutely the center of the universe. We know their names and we know, ‘Is it Robert or Bob? Is it John or Jack?’ We know they like the Yankees or God forbid, the Red Sox, whether they like Pepsi or Coke. We try to know every detail about them, and we record all this data into our system so we remember and get to know them better, because we try to build personal relationships. It’s just not about my family. There are nine active members in our family business, but it’s about our seamstress and tailors like Dominick Condoleo, our master tailor, who has been with us now for over 55 years.”

I went on to talk about the longevity of our people, because it’s just not the family but it’s the sales associates, the fitters, the buyers. How do you know what to buy unless the buyers are on the selling floor listening and learning about what’s going on in the business? I became pretty excited, as I’m known to do, and I jumped up and down,

and then sat down in my seat.

Later, as we all came off the stage, here was the “Aha!” moment. I was sitting with one of my friends who was the CEO of Bergdorf Goodman, probably the finest clothing store in New York City, and he put his finger near my face and said, “Oh sure, Jack, the next thing you’re going to tell me is you and your employees actually hug your customers.” I thought of my brother, Bill, who’s an actual bear hugger. He hugs everyone. And I thought of Frank Gallagi, who just retired from our store in Richards after 47 years, hugging Matt Lauer, hugging Al Roker – even before Al lost all that weight, and I said, “Sure. Doesn’t everyone?”

That was the big moment, and I went on to add, “Actually, not everybody does hug their customers. But they should.”

“We’re about customers. Our customers are absolutely the center of the universe. We know their names and we know, ‘Is it Robert or Bob? Is it John or Jack?’ We know they like the Yankees or God forbid, the Red Sox, whether they like Pepsi or Coke. We try to know every detail about them, and we record all this data into our system so we remember and get to know them better, because we try to build personal relationships.”

So what is a hug? A hug can be a bear hug, but it’s also anything that touches and connects with someone else, that makes people smile and feel great. When customers leave our stores, they truly do feel great. I should add, most hugs cost nothing – not a dime.

By hugging our customers, we’ve grown from a little 800-foot store in 1958 to eight stores spread across the country, and we’re in the upper-end space like Bergdorf, Barneys, Saks and Nordstrom. The original 800-square-foot store



Three Generations of the Mitchell Family, Napa Valley, 2013

is now 27,000 square feet in Westport, Connecticut, a town of only 28,000 people, all because we get to know our customers and we hug them. They come in, we know their kids' names and often their dogs and cats, too. We have activities for them, a fish tank to enjoy. Shopping with us is a fun family outing.

That moment transformed me, and I obviously listened carefully to what's happening in the digital world. I came back and I was all pumped up and shared with my team, especially my sons. Russell, our oldest son, majored in computer science at Dartmouth and worked for IBM for five years. I said, "Russell, we have to get on this internet." He said, "Time out, dad. I know you're passionate, but we have to do it at the right time." Those of us who have been around since most of the dotcoms went bankrupt, or people like some of our great wonderful friends at Nordstrom and elsewhere, who spent millions of dollars on it and they're still spending hundreds of millions of dollars to try to do it right.

Reiss: When did you embrace digital?

We waited patiently until 2013, and we hired a firm in New York City. They created the software that has made us an online business integrated with our CRM system, the customer relationship management system that's our database. Then we went live in 2014. Digital is only a

couple of percentage points of our business, but it's growing nicely. It literally is omnichannel distribution. If you want to, say, see whether this type of shoe is in your size, and we don't have it in Westport, we might have it in San Francisco, we might have it at Mario's, our store in Seattle. If we do, you can buy it or you can reserve it. We'll say, "It will be in next Tuesday at Mitchell's." When you come in on Tuesday, maybe you'll like it, maybe you won't, but it brings you into the store. Then you might buy a tie or a suit or some jeans, or whatever else catches your eye. Our sales associates, with the exception of those at Mario's, are non-commission, so they love the idea of using these two means of selling.

We are definitely in the digital world, and I think the future is we will do a lot more digital selling.

Reiss: What are some of the things you are now doing in digital?

One of the future goals is creating a virtual closet for our customers. You'll be able to click on your own closet and, if you bought anything in our stores from 2013 on, you'll see a picture of the dresses you've bought and the socks you've bought, or a picture of the suits and ties. We can then actually organize your closet and show you what you can wear with different outfits and what holes you have that need filling. That's years ahead, but the idea is to put

the data that we have in photographic format and use it to service our customers better. If they happen to be like 26% of our business in San Francisco, they're people that live outside of California that come to California occasionally, maybe because they have a daughter or son at Stanford or Berkeley. They come in once a year from Idaho or Montana, and there isn't a Neiman Marcus, or Barneys, Mitchell's or a Wilkes Bashford there, and if we can show them remotely what they have and what they could use, it's a big plus.

Ganesh Ayyar: Some people come from India and Singapore as well. We all love to visit your store.

Well, join us.

Ayyar: What can you share about your childhood and teenage years?

Up until the fifth grade, I stuttered and I couldn't speak very well. I had this image that I was dumb. I now know that I'm slightly dyslexic, but in those days there wasn't a test for that. but I happened to be blessed as a very good athlete. I was an excellent baseball, basketball and football player. I grew up always being picked number one and was always the captain of all the sports. That gave me the confidence to overcome my challenges of stuttering and in the classroom.

Ayyar: How did sports help lead into your business success?

The obvious one to me is that these three sports were team sports. You learn early on that even though you may be talented, everything's a team effort. Everyone sells! The guards have to block, the pitcher has to pitch and catch. You learn the value of the team and you come to know the strengths and weaknesses of every person on your team. We then build on these individual strengths.

We try to put the right players on the field at the right time and at the right position. I also learned how to practice. I used to practice layups right-handed and left-handed. I remember somebody told me that in 1955, I made the first left-handed layup at my high school, so there's a little legacy I'll keep forever. I did it because of practice. Finally, I learned to evaluate the strengths of people according to the right values, and I really feel that we transferred that into our family business.

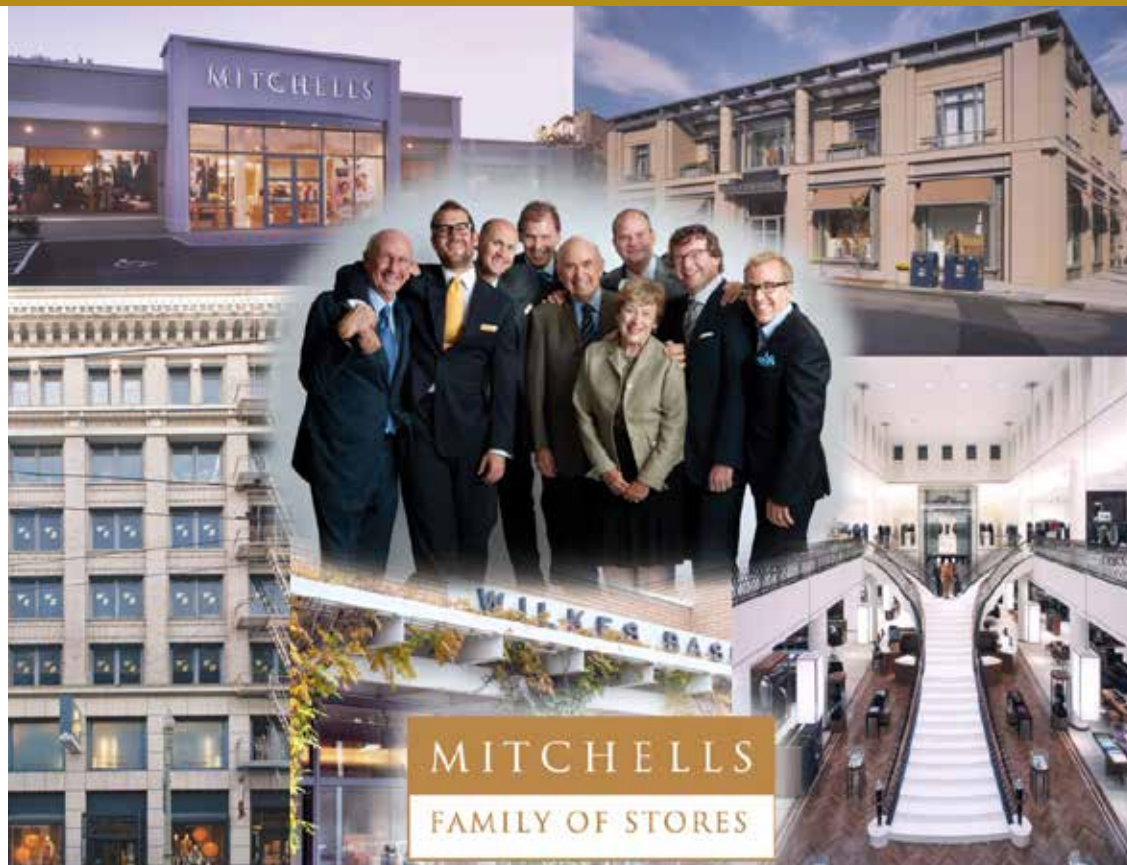
My mom and dad started the business. My brother Bill and I came in during the '60s when they were in their mid-50s. We were a two-man team with our parents, and then we began to hire wonderful people. Most of all, we looked for people who were honest. We hire for culture, not for product. It helps if you like clothes, but clothes are not that important to me. It's about the integrity, the work ethic. We want people that we like and that are nice people, and they must have the passion. Passion to me means a passion to listen, learn and grow. How can I be better? What can I learn? Then we want people who have fun. Sports were always fun. If it wasn't fun, I didn't want to do it, and we've tried to make working at our stores fun.

I should point out that I learned that words do matter. I call people associates, not employees. I treat them as family. They tell us that they wake up in the morning and want to come to work. They're not checking the forecast hoping for a snow day. They feel that everyone in our family business is part of their extended family.

Reiss: I know you wrote two best selling books about your philosophy.

Yes, one is called, "Hug your Customers," and the other is, "Hug Your People," meaning your associates. You need to realize that if you hug your associates, then they hug the customers. The books are central to my second career as an author and speaker, spreading the Hug philosophy,

“Up until the fifth grade, I stuttered and I couldn't speak very well. I had this image that I was dumb. I now know that I'm slightly dyslexic, but in those days there wasn't a test for that. but I happened to be blessed as a very good athlete. I was an excellent baseball, basketball and football player. I grew up always being picked number one and was always the captain of all the sports. That gave me the confidence to overcome my challenges of stuttering and in the classroom.”



Bill Mitchell, Tyler Mitchell, Scott Mitchell, Bob Mitchell, Jack Mitchell, Linda Mitchell, Chris Mitchell, Russ Mitchell, Andrew Mitchell

which I feel has universal appeal, across industries and across borders and oceans. We've just begun to introduce Hug Workshops that will teach companies how to create personalized customer service by adopting the Mitchell Hugging culture.

Reiss: Any key lessons on business that you have learned?

I learned that data matters. When I came into the family business, my father said, "You don't need a cash flow." We were doing only a million dollars in those days, but that's still cash. I went ahead and did a cash flow statement anyway, because I had five years of business experience elsewhere. Lo and behold, I found out that somebody was stealing from us, and I found that person. The upshot was that my father had to mortgage our house in order to make up for the losses. All of a sudden, I was a genius financially. Data matters, and we're very data driven. We use that data to grow a fun, profitable business.

Ayyar: In fashion, do you see any differences with

Millennial fashion vs. non-Millennial fashion?

Of course, there are major differences. We both know that from our businesses. First of all, I learned by doing a couple of Hug Your Customer presentations for a Stamford, Connecticut group called the "young professionals" that they don't like that word "Millennial." They view themselves as professionals, but they have different skill sets and they have a different point of view. Since we operate in affluent communities, we don't have a lot of millennial customers, but they do come in. Of course, they're very tech-oriented. They often go right for their phone. They see what socks and suits and dresses and whatever interests them right on their phone. A lot is about the technology. Also, they don't like "stuff." They don't need more than one suit unless they're on Wall Street, but they know you do have to dress up once in a while. They're always looking for new fashion trends – that's what it's all about for them. Whereas my generation would say, "I hate to shop. But I have to wear a suit."

In our Wilkes Bashford Palo Alto and Silicon Valley



New Revised and Updated Hug Your Customers book released April 2015

stores, I always kid that when we bought this wonderful operation, hoodies were in ... but cashmere hoodies. A lot of those folks didn't even know the word "cashmere," but they wanted to know. They're all engineers. They want to know specifics: Where it came from; The micron measurement. Then, once they put it on, they would say, "Oh my goodness, you're kidding! This cashmere sweater is \$800!," but then they realize, "Well, I know why now, Jack. A cashmere hoodie is a lot nicer than a cotton one." We've always got the facts that they need. All of a sudden they're invited to the White House, and they don't know what's appropriate to wear. We have customers in Connecticut that have been to the White House, so we will share what we've learned from them and try to win their, and this is a word that we haven't used yet, "trust." Trust is the backbone of relationships. More than anything else, our customers trust us, and that's been key to our expansion. We started as a men's and boy's store. When I came in, we got into women's wear. We have more women coming into the store now than men. One of our sons started our jewelry business. We're now one of the largest jewelers in Connecticut. We sell millions and millions of dollars worth of jewelry because our customers like value and they trust us that we truly care about them. They feel those hugs.

Reiss: Great having you on the Transformational CEO Forum.

That was very, very nice. Thank you.

Interview aired: 2/12/2017

Jack Mitchell, author of Hug Your Customers, The Proven Way to Personalize Sales and Achieve Astounding Results and Hug Your People The Proven Way to Hire, Inspire and Recognize Your Employees to Achieve Remarkable Results is CEO of Mitchells/Richards/Marshs, a three-generation family business that operates three upper-end brand men's and women's specialty stores in Westport and Greenwich, CT, and Huntington, NY.

After completing a B.A. at Wesleyan University in 1961 and an M.A. at the University of California-Berkeley, Jack Mitchell joined the family business, Ed Mitchell, Inc., which was founded by his parents, Ed and Norma, and later became Mitchells of Westport. In 1995, Mitchells acquired Richards, the leading men's clothing store in Greenwich, CT, and in 2006 added Marshs of Huntington, Long Island, NY.

Growing up in a close-knit family and raising four sons established patterns of thoughtfulness and caring in Jack that blended seamlessly into serving the public in the retail clothing business. Under his leadership, Mitchells, Richards and Marshs have become well-known for providing exceptional customer service and high quality merchandise in an exciting, friendly and visually dynamic atmosphere.

In 2000, Richards received "Store of the Year" honors in the annual Retail Design Awards competition held by the National Association of Store Fixtures Manufacturers (NAS-FM) and co-sponsored by VM + SD magazine. In 2001, MR Magazine, the magazine of Menswear retailing, named Mitchells/Richards Retailer of the Year and in 2006, Jack Mitchell was listed among the top 10 Retail Visionaries of all time according to Daily News Record, one of the most widely read retail trade publications in the country.

Hyperion, a division of Disney, is in its eighth printing of Jack's book, Hug Your Customers, The Proven Way to Personalize Sales and Achieve Astounding Results. There are now more than 167,000 copies in print in nine languages. In Hug Your Customers, Jack outlines a series of principles that can be adopted by any company to gain a larger share of current customer business and to attract new customers.

Jack Mitchell resides in Wilton, Connecticut with his wife Linda, who is the Women's Merchant for Mitchells/Richards/Marshs. Their four sons, Russell, Bob, Todd and Andrew all hold senior positions within the Mitchell family business.



“One of the things we did was create a startup model right inside our company.”

Robert Reiss: I want to start off in transformation. Let’s take you back to childhood. What was something that occurred to you that really helped transform how you think about life and made you the CEO you are today?

Mike Gregoire: It’s always hard to pick that one thing, but a defining characteristic of my childhood was that I always had a lot of personal freedom. I grew up in a really small town where you didn’t have to lock your doors. You left the house early in the morning and didn’t come home again until dinner time. The whole day was just about hanging out with the other kids and making up our own adventures. We had the freedom to explore and make mistakes and figure things out and learn. That kind of freedom and the ability to express yourself in your own way made an impression on me and became part of who I am.

Ganesh Ayyar: What was your “Ah-ha!” moment where you thought that because the world is changing rapidly digitally that you would need to change yourself to be effective in the new era?

I saw a trend emerging where customers were trying to hire away our talent, and I made two important observations. First, customers were building their own internal software factories and they wanted our talent because we have exceptional, very creative people who know how to do that. And the second thing I realized, my “Aha!” moment, was this: if we didn’t create an environment at CA where people had an outlet for their creativity and some autonomy over how to get things done, we weren’t going to continue to attract and retain the A-players. So we made changes. I made a deliberate effort to move away from being a command-and-control company and overly prescriptive about how to do things. Today, we focus on helping our people understand the company’s overarching goals, but we don’t micromanage the road to get there. Our people are using their own ideas and creativity to help solve our customers’ challenges and the level of engagement is totally different. Changing your management mindset towards creating environments rather than commanding people is hard to do, but the results can be extraordinarily more powerful.

Ayyar: It almost sounds like culture of empowerment. Somebody said, “I’m not a big boat, I’m thousands of canoes. So that each one of them can speed ahead and yet be connected in a total sense and bring about that victory.” So, please share the challenges you faced as CEO, and how you overcame them.

The first thing you have to do is be willing to reinvent yourself. In business school you’re taught to plan, schedule, control. Those are necessary skills, but you may have to re-examine how you use them. I have found that the best way to get control is to back off once you get the right people in the right jobs with the right motivation, who know the right thing to do both functionally and ethically. And this may mean you spend a lot of time on your recruiting process, for one thing. When you have the right people on board, you may need to change how you interact with them. This goes to my earlier point, that you have to set an environment in which you talk about what you’re looking for, but you don’t tell people how to do their jobs. If you tell them how to do things, you’re only getting your own ideas back. You’re not benefitting from diversity of thought. In a larger organization, it’s also arrogant to think you’re going to have the ability to tell everybody in the company what they

should do. If you set the parameters for what needs to get done and everyone signs on together, and then you give people the freedom to get that done in a way that they think is best – you would be shocked at the kinds of great solutions you get.

You also have to be willing to accept that not all ideas or people are going to work out, and you have to create an environment where it’s okay to make mistakes and see it as a learning moment. A great employee that cares about the company, cares about customers and cares about their own career won’t make that same mistake twice.

“When you’re a small company, you envy the large companies. And then when you get to a large company you envy the small companies.”

Reiss: Looking back at your background, you took one company from a smaller \$400 million company and built it so it sold for \$2 billion. Now, you’re leading a much larger company. How does one shift from running a smaller company to a large company and bring about the spirit of innovation and experimentation in a larger company?

Well, the thing that you have to understand is that when you’re a small company, you envy the large companies. And then when you get to a large company you envy the small companies. I’ve had more people walk up to me and say, “You know, we have to act more like a startup.” And I say, “You have no idea what a startup looks like. You’re struggling to make payroll, you’re pulling all-nighters, you’re doing all of the work, you’re flying in a middle seat coach, you’re working almost every weekend. You don’t understand how difficult it is to be a startup, so don’t say that you want to be a startup.” It’s important to help people understand that the startup is not nirvana. It’s full of high risk and difficulty, and the probability of you getting a solution that scales out of a startup is relatively low. What you actually want is to have some properties of a startup in an environment where you also have all the tools and resources and global distribution network you need. Bottom line, you want to be better than a startup. When you have a 40-year history of solving customer problems at scale, you have something to build on, so don’t look at the glass half



CA Technologies CEO Mike Gregoire and members of the Trek-Segafredo cycling team at CA World 2016 – Lake Mead Bike Ride

empty – you look at the glass half full and you figure out how to innovate on top of that great foundation.

One of the things we did was create a startup model right inside our company. We call it CA Accelerator, and it's nothing short of an internal incubator. Every month, anyone in the company – anyone – can present an idea they've come up for consideration by the program. We use a lean canvas and it's a very efficient process, and it helps us encourage and hear everyone's ideas. If the idea meets certain criteria, it gets Series A funding and various resources. The person who came up with the job gets to step out of their regular job for up to a year and work on their project. And if things go well, they get Series B funding and additional resources. By the time it gets to Series C, there has to be a buyer for the technology, and that's CA, who buys it back and moves it into our product groups. And this is all without financial risk to the employee, who has this unique opportunity to pursue an idea with big company support and without fear of walking away from a corporate job. From the company's side, it's a way to harness creativity and we're already seeing great results. Some of the advanced analytic capabilities of our security software originated in CA Accelerator. It's an exciting win-win. So there are definitely things you can do in a large company to drive that innovation.

Reiss: Talk about your leadership philosophy of ten principles.

This is something I put together when I was trying to figure out a way for my direct reports to be able to understand how I think. One of the things I've learned is if you're open and transparent about your thinking and bring people into your thinking, you're going to get a better result. So it was a way to help me transform CA from a command and control management style into what I call a principle-oriented leadership style. As you mentioned there are ten principles, and some of them are things that don't come naturally to me, so I have to work at them every day. One of those is "Control your energy, control your destiny", which has a lot of nuances. If you think about it, there are many situations in life where you can find yourself doing someone's job for them, or dealing with somebody that's not cooperative, or dealing with somebody who doesn't understand the mission. If I'm spending all of my energy just trying to get people in the boat, it's going to limit my productivity. My productivity is important, just as other people's productivity is important. But you have to understand your role and use your energy wisely to figure out the places where you can make the biggest contributions, and then focus on that. That's something I always have to keep in mind.

Another principle is "Find the right level of directness." To be effective, you need to get your point across without being disrespectful. If you're too direct people find you difficult to work with, and if you're too political people will find you don't have conviction. You have to consider this because a whisper from the top is a scream at the bottom. If you really like something or if you're unhappy with something, you need to consider carefully how you communicate it because your message gets amplified over the course of 10,000 people, and it's going to have an impact.

“Start anticipating your customers’ needs with a high degree of accuracy, and deliver what they want before they even realize they want it.”

Reiss: You’ve been in technology most of your life, being CEO of two different companies, what do you see as the future of where the digital revolution can lead us?

Seamlessness between customer needs and a company’s ability to satisfy those needs. And when you take a look how companies are doing it today, the most attractive ways to do that is through software. And software by definition is a very digital-oriented medium.

Reiss: Talk about your concept of the “Application Economy.”

One of the things we find with just about every customer is that their biggest issue at the BOD and CEO level is this: “Am I moving fast enough? Am I being innovative enough?” And when you think about moving fast and being innovative and you consider that in the context of the relationship you have with your customers, the answer lies in software. People are getting much more comfortable transacting with an iPhone or a tablet or a browser than they are with queuing up in a line and talking to a human. Nothing is more frustrating to somebody who wants a digital experience than being forced into doing things the old way. Regardless of the industry, all companies are moving their customer experience or augmenting their customer experience with a digital platform.

Ayyar: One of the challenges that analogue CEOs face is how the whole digital revolution is unfolding. What tips you would like to give to them?

I’ll try to be a little bit provocative with this and not give the standard answer that you’d find in a business magazine, things that I see the more elevated thinkers paying attention too. In using applications and a digital footprint, don’t see them as defense or as a weapon to cut costs. Basically you should already have a team in place doing that well. Instead, use digital as part of your offense to get closer to your customers and your com-

petition. Once you start getting that platform in place, realize that you are generating tons and tons of data on your customers and their experiences, so use that data and the analytics to get into what we call the next evolution, which is predictive analytics. Start anticipating your customers’ needs with a high degree of accuracy, and deliver what they want before they even realize they want it. There’s no way you can do either one of those two things if you don’t have a digital platform.

Ayyar: Any thoughts on that aspect of cultural transformation?

Absolutely. For our company and our industry, we’re in a very talent-constricted world. I can’t stress this enough. The team with the best talent is going to win. So as a CEO, and as any leader in the company, you’d better be paying attention to the talent you currently have and the talent that you need. Now, in our digital age, everybody pays the same. I have this skill set, I’m in this particular town, I’ve got this many years of experience, we’re all going to pay plus or minus 5% of each other.

So talent isn’t moving because of pay. It’s really comes down to three things. Number one, do I like my immediate supervisor? If you have a weak leadership team, if you have a leadership team that doesn’t understand your mission, if you have a leadership team that doesn’t care about employees, you’re not going to attract the A-players because that’s one of the things that an employee is looking for.

Number two, am I doing interesting work and do I have a career path? If you can’t create the kinds of work products and a career path that keeps people engaged, people will find those things at a different company. You don’t want that. Those are the ambitious, free-thinking people that you want to keep in your company.

Number three, create an environment that is suited towards them. We try to create a unique environment. We don’t want just anybody to work at our company. We



“When you think about cognitive ability, it really reaches back into some of the 16th century philosophers that taught humans how to think and frame problems. In trying to teach machines how to think, we have to go all the way back to some of the great philosophical thinkers to create the right algorithms.”

want the right kinds of people to work at our company. We have a certain DNA and we want other people to fit within the diversity of that DNA. We’re not trying to be anybody else, we’re not trying to be the second best of someone else, we’re trying to be the best we can be and we have a very definite view of what that us should be.

Reiss: I am going to ask you what’s called “Rapid Fire.” I’m going to throw you some words and just give me a phrase that makes sense. First word, virtual reality.

The user interface of the future.

Digital today.

Better be on it or you’re being bypassed by your competitors.

Digital 2050.

Irrelevant.

I have to just ask for an explanation of that.

By 2050, our concept of digital is going to be so different than it is today that you’d better open up your aperture and think completely outside of the box. Because whatever we think digital is today, I think will be irrelevant.

Culture.

The most important thing a CEO can work on.

Customer.

The most important thing a CEO can work on for economic long-term sustainability.

Cognitive.

The ability to predict the future. If you take a look of what’s happening with artificial intelligence – and I’m actually very excited about this – it’s really about cognitive science, and I think that’s going to bring a whole



new generation of creativity into our industry. When you think about cognitive ability, it really reaches back into some of the 16th century philosophers that taught humans how to think and frame problems. In trying to teach machines how to think, we have to go all the way back to some of the great philosophical thinkers to create the right algorithms.

Reiss: To anyone who's aspiring to be a CEO, what advice do you have?

First, you have to love the job and you have to love working with people. And you have to define success not with the success that you get yourself, you have to define success on how you've made other people successful. If you focus on those types of things and you've got the personality to do it, I think that you're a great candidate to be a CEO. If you don't like what you're doing, you'll run out of energy. The job requires an extraordinary amount of energy.

And second, when you think about the job, realize that you can't do it alone. You have to be a force multiplier, you have to find ways to inspire other great people to want to do things and collaborate with you on the things that you might initiate to get done or have come to understand need to get done.

Interview aired: 2/19/2017

Mike Gregoire is Chief Executive Officer of CA Technologies, a \$4 billion global software company. CA Technologies is helping companies seize the opportunities of the application economy—a world where software is crucial to global business.

Under Gregoire's leadership, CA has accelerated its software leadership with innovative offerings, a renewed brand, and strengthened market presence. He has brought fiscal discipline to CA operations; invested in developing, retaining, and hiring talent; and built a winning team focused on the success of CA customers in today's rapidly changing technology landscape.

Previously, Gregoire was CEO of Taleo Corporation, a leading cloud-based talent management software company that he built and took public before its successful sale to Oracle for nearly \$2 billion. With a career spanning more than 25 years in the software and technology industries, Gregoire has also served as Executive Vice President at People Soft and Executive Director at Electronic Data Systems EDS.

Gregoire is a member of TechNet's Executive Council, the World Economic Forum's IT Governors Steering Committee, and the Business Roundtable's Information and Technology Committee.

CEOs Answer Rapid Fire Questions

	Virtual Reality	Digital Revolution	Digital 2050	Culture	Customer
Dan Hesse Former CEO Sprint	Immersive.	Mobile enabled.	What's the difference between real and not real?	Eats strategy for breakfast.	Never forget your people are your internal customers.
Terry Jones Founder Travelocity.com	Digital today is the world today.	Cognitive computing is really about assisting humans to do their job better.	Digital 2050 will be deeply involved in machine learning and AI.	If you don't get the culture right, you're not going to change.	Customer is the driver of all.
Jim McCann Founder & Executive Chairman 1-800-Flowers	Exciting.	Constant.	Can't imagine.	Important.	Demands the best.
Steven J. Corwin, MD President & CEO NewYork- Presbyterian	Game-changing.	Foundational but not yet reached its peak.	Dominant.	Essential.	Patient.
Jack Mitchell Chairman Mitchell Stores	Simulated life.	Connecting the world.	You can't count on it.	Hugging people so they feel great!	Center of Universe.
Mike Gregoire CEO CA Technologies	The user interface of the future.	Better be on it or you're being bypassed by your competitors.	Irrelevant.	The most important thing a CEO can work on.	The most important thing a CEO can work on for economic long-term sustainability.

DID YOU KNOW?

Mphasis is the digital partner
of choice, accelerating the
transformation of

3 of top 10 banks

2 of top 5 brokerages

2 of top 10 insurers

About Mphasis

Mphasis is a global Technology Services and Solutions company specializing in Banking and Capital Markets and Insurance. We uniquely offer pragmatic solutions to drive intelligent engagement in the areas of digital strategy, mobile, AI, online banking, digital accessibility and robotic process automation. For more information, contact: marketinginfo@mphasis.com

ET BEST TECH BRANDS
**Most Distinguished
Digital Company 2015**

#29
of 100

Largest Financial Technology Vendors by American
Banker and Bank Administration Institute (BAI)
in the **FinTech Forward Top 100** rankings



www.mphasis.com