

## REAL WORLD CASE 3

# Corning Inc.: Business/IT Planning Strategies in Challenging Times

To be sure that his IT department would be ready for an economic downturn, Richard J. Fishburn, vice president and CIO at Corning, New York–based glass products manufacturer Corning Inc. ([www.corning.com](http://www.corning.com)), started planning back when the economy was on an upswing. “You plan for success, but you also take into account what happens if conditions change,” he says. That’s certainly been the case at Corning, which had \$7 billion in sales in 2000, as the “telecommunications depression” cut into the company’s fiber-optic product business, which accounts for 70 percent of its sales.

Fishburn’s strategy to cope? Create “rings of defense” that include core IT employees on the inside ring, contract service providers at the middle ring, and contract employees on the outermost ring. With 25 percent of IT workers on contract and another 25 percent of work performed by shared-services contractors, Fishburn estimates that he has saved as many jobs as he has had to reduce while the economy continues to falter.

When it comes to defending IT initiatives, Fishburn, 56, says he plans ahead by aligning projects with business objectives from the start. “We want IT people to be talking with the business team about what we are doing to increase the value of the business” and focus on projects that either make positive change in the business or help take costs out or improve asset performance, he explains. And getting management buy-in is critical. “We’re not talking about an IT project,” Fishburn says. “We force the dialogue back to where you have a set of joint objectives with the business team.” “Dick has done a phenomenal job of getting the IT management structure to look at what the business requirements are,” says Suzee Woods, IT director of application services.

This strategic thinking pays off in budgeting meetings, Fishburn says. “When you go through this short decision-making process during a downturn, you’re not discussing the value of the project to the organization,” he says. “They have already internalized why it’s important.” Woods has seen that strategy bear fruit. “We’re implementing a major project in the financial area, and that project has stayed on the radar screen and continues to have support . . . because we’ve been able to put it in terms of value to the corporation,” she says.

Fishburn acknowledges that getting technical people to discuss business rather than technology issues can be a challenge. “There is an adjustment period people go through,” he says. But ultimately, when staffers see how presenting business benefits increases the probability of their programs being successful, “you build the trust,” Fishburn says.

For example, in the late 1990s, manufacturing operations at Corning Inc.’s display technologies division were aligned with customers on a regional level—the plant in Japan served Japanese customers; the U.S. plant served U.S.

customers. But when customers wanted more computer displays than ever, the business model wasn’t scaling. “As we looked at the plan, we learned that our existing model just wasn’t cutting it,” says Fishburn.

In 1999, Corning set about improving supply chain efficiency, but technology was the last aspect discussed. In fact, when brainstorming better models, Corning first asks managers to “listen to what their operational people are saying,” says Fishburn. Only then are opportunities defined, followed by business benefits and finally mechanisms to determine whether goals were met.

Corning was a pioneer in putting business processes first in evaluating a business/IT project, rather than following the classic enterprise resource planning (ERP) philosophy of making business fit the technology. Only then was technology assigned to solve the problem in this case: A supply chain module was added to Corning’s PeopleSoft Inc. ERP software.

The project has stayed on schedule and under budget, and is paying for itself, even though the rollout won’t be completed until next year, says Fishburn. “It used to take us five days to do the planning for tomorrow’s production. Now we can do it in an hour,” he says. Improved production planning efficiency meant Corning didn’t have to build excess capacity. Also, fewer orders have to be rushed to reach customers on time.

Fishburn says he knew he had business sponsorship for the project from the beginning. In senior management meetings, for example, one former critic “would very clearly articulate the fact that this was the premier project that exists for this division,” he says. “As the CIO, your greatest success is to sit in the background and let your operating peers talk about their projects.”

### Case Study Questions

1. Do you agree with how CIO Richard Fishburn has defended Corning’s IT department from an economic downturn? Why or why not?
2. Why is aligning IT projects with business objectives a good business/IT strategy in challenging economic times? And in good times?
3. Does Corning’s business/IT planning process for its new supply chain system prove the value of aligning IT with business goals? Why or why not?

Source: Adapted from Robert Mitchell, “The Strategists,” *Computerworld*, January 1, 2002, p. 37; and Mathew Schwartz, “ERP Plan Cuts Costs at Factories,” Premier 100 Best in Class, Supplement to *Computerworld*, March 11, 2002, p. 19. Reprinted with permission from *Computerworld*.