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It's All in the Hiring; Partners in alignment award winner | Capital One

Since its founding in 1995, Capital One Financial Corp., a co-winner of the 2002 CIO Insight Partners in Alignment Award, has revolutionized the credit card industry through the use of technology by getting the right credit card product to the right customer. At Cap One, there are no IT projects, only business projects, and every companywide project has a business sponsor. Each line of business also has IT partners who are business advocates in IT.

Cap One's efforts pay off. The company's earnings per share have grown at a compound rate of more than 30 percent over the past seven years, and charge offs the proportion of loans unlikely to be repaid are the lowest in the industry. For 2002, Capital One was expected to report revenue growth of 20 percent. Cap One CIO **Gregor Bailar** says the alignment process starts even before new hires walk in the door. What follows is an edited transcript of his remarks.

For our CIOs and business managers, alignment starts in the hiring process. Every one of our executive level people goes through a pretty rigorous testing and hiring process. We give candidates for senior level technology, operations and business jobs a business problem and then ask them to analyze it from various perspectives. We're assessing their problem solving methodology, their consulting methodology and their deliberative thinking skills. How are they involving themselves in the process of discovering a solution? Each one of our divisional CIOs we call them our Business Information Officers goes through two of these problem solving exercises before they're hired.

We also use what we call "personalysis," which is like a Myers Briggs on steroids a multidimensional personality and business effectiveness map of the individual that pinpoints his or her analytical skills, people skills and how thoughtful he or she is about finding options or innovative approaches to problem solving. We're trying to see how well people can understand the different perspectives from which people in IT and people in business come to the table.

We also rank candidates on a quadrant metrics approach, which we call the Big Yellow Square. This has four dimensions: Managing economics, managing quality and service, managing flexibility and managing people. Every project and every objective inside the company pulls back to that. I make my staff understand they've got to make the multiple corners of this quadrant optimize. If they apply the quadrant in terms of company objectives, then alignment can flow more easily.

Why is this important to achieving IT business alignment? There's a huge difference in the way IT and business people look at things, so we screen people for their ability to think in both camps.

The IT business conversation becomes more rigorous in a downturn. Business may need to adapt quickly, turn right instead of going straight, and reassess priorities. Growth may not be the banner goal anymore. It may be cost control, or it may be the quality of the customer. If you're a CIO who's been behind the fence, simply getting the next request for an enhancement

thrown over at you without seeing or having much input into business strategy, you probably won't be ready to make a fast and wise change that will best serve the needs of the business.

On the other hand, in a situation like ours, where you've got very serious and close alignment with the business, technology and operations experts, then you're all sitting together saying, "Hey, we've got to turn this vehicle around together. What kinds of ideas can each of us bring to the table?" Decisions are made together. And then the technologists say, "Okay, I know the principles now by which we are navigating. Let me now change what I'm doing to align with those changed sets of principles."

Alignment comes down to leadership and the ability for you to actually choose to be aligned, and to force that discussion to be part of the company. Our leaders expect to have these conversations with all of us together, and to make trade offs together.

Candidates for CIO Insight's Partners in Alignment award were evaluated on the following: a clearly articulated business strategy; processes that foster alignment; a culture of collaboration; significant investments in technology; and measurable results.