

A new IT operating model to better serve employees

In this interview, Johnson & Johnson's CIO of Corporate Technology explains how IT transformed the employee experience—and itself—with a digital-product mindset.



No company in its right mind would ever launch a new product and then cease any further development. So why should IT do that when developing new technologies? Leading healthcare multinational Johnson & Johnson took that question to heart in launching an effort to transform its corporate IT model to be closer to that of a product company. To drive that change, it committed to a closer relationship between IT and the business in order to empower the company's employees through technology. Tom Weck, Johnson & Johnson's CIO of Corporate Technology, shares his insights about his company's technology journey with Jeffrey Lewis, leader of McKinsey Technology for life sciences, and Steve Van Kuiken, the global leader of McKinsey Technology. What follows is an edited version of their conversation.

Upgrading the technology experience for 140,000 users

Jeffrey Lewis: Tom, across many companies, we're seeing digital and analytics transformations at the top of the agenda. IT organizations are retooling to help shift companies from use cases to a delivery model and cutting-edge technology foundation that's suitable for scaling. Can you tell us about your journey and what led you to shift your team's operating model?

Tom Weck: My journey to managing corporate technology for Johnson & Johnson can be summarized in one sentence: Be careful what you complain about, because somebody might ask you to fix it. I had been dissatisfied with the way we had been delivering technology in service to our 140,000 employees around the world.

The way your IT organization is viewed internally is usually based on the capabilities you're delivering to serve employees. Because of COVID-19, it became even clearer that the technology experience is now pretty much the

user experience. But Johnson & Johnson's decentralized structure resulted in a panoply of loosely coupled IT solutions where nobody was really paying enough attention to the user experience.

It became imperative for us to take action and make some changes. I was really excited about the opportunity, because it gave us a huge opportunity to look at serving those 140,000 employees and changing their experience for the better.

Jeffrey Lewis: Steve, as you look across companies, what are you seeing as the core drivers for rethinking the way technology is operating?

Steve Van Kuiken: Tom is describing a trend that's happening across industries in IT organizations around the world. The first big push is to focus relentlessly on designing and developing systems to improve the consumer experience.

To do that, you've got to move decisions to the front line and cross-functional teams, because empowering local decision making is the only way you're going to improve consumer experience.

The other big shift is to focus on adopting effective technology and always improving the value that the technology delivers, which is a different orientation than focusing only on delivering a project on time. It's a focus on constantly trying to improve the technology and making sure that consumers are getting the most out of it.

And then, finally, there's a shift from purely functional excellence to end-to-end collaboration. It's not just about frontline decision making, but about how everyone in the organization lines up behind the front line to make their decisions and their actions most effective.

The value of an adaptable model focused on employees

Jeffrey Lewis: Tom, would you mind sharing a little bit about the fundamental shifts you made to focus more on the employee experience?

Tom Weck: One of the key shifts was focusing on the kind of value we were trying to drive. Changing the model to focus on the employee experience, as opposed to focusing on whether projects were delivered on time and on budget, was a fundamental change.

The second thing was really making the primary operating model revolve around the squad, and making sure squads get whatever they need to set them up for success. That frees them to be self-directed, so that they can take charge of their direction and their decisions.

When you create that squad, you need a business product-owner role, you need a technical product-owner role, and you need scrum masters. It's the typical squad model from a technology standpoint. But making that shift from a project-oriented model, where some people are on board for only 20 percent of their time, is a fundamental and necessary shift.

It's not rocket science. It's just putting it all together in a model that makes sense for the work that needs to get done and remaining really focused and dedicated to that work, which is why you need a persistent team that exists beyond the initial delivery of the product you're trying to create.

Empowering employees to deal with any eventualities

Jeffrey Lewis: Tom, can you talk a bit about how this model helps or hurts as you're managing the realities of today?

Tom Weck: Leaders across all organizations and all different functions are realizing that the

traditional command-and-control structures really don't work. That's particularly important in technology, because it's anathema to the next generation of technology leaders to exist in a command-and-control environment. Just as the military learned when they were fighting ISIS, it's much more effective to deploy small, self-directed teams with an appreciation for the context in which they're operating, which enables them to drive these kinds of transformational value propositions.

We certainly benefited from that model, and I didn't have people calling me at all hours of the day and night asking, "What should I do about this project? How should I make this decision?" They were empowered to make those decisions for their products on their own, while reporting back to make sure we were aware of what was going on. That's really important, because you can operate in a virtual environment almost better than you can in an in-person environment, so we didn't miss a beat.

Steve Van Kuiken: It's probably worth pointing out that the kind of model that Tom has implemented is well suited to the decentralized decision making that Johnson & Johnson is famous for. This model works for more empowered organizations, is more adaptive, and, in the end, is more innovative.

Tom Weck: And if I can elaborate on that, I find it very interesting that other product-oriented companies like Johnson & Johnson haven't seen the parallels between a technology product and a physical product.

One way we try to evangelize this movement toward product-oriented technology is pointing out that you wouldn't launch a medical device or pharmaceutical product in the marketplace and then just walk away from it. You want to continually invest and support the development of that product in the marketplace. Why don't we do the same thing for technology? I think using that analogy

sometimes helps people to understand and unlock some of that value.

Steve Van Kuiken: Maybe one more point here is that it's really a platform for innovation, because you can move at speed, but [you can] also try smaller experiments and then scale the best ideas.

Key learnings: Owning the change, focusing on big problems, communicating every day

Jeffrey Lewis: What are some key learnings from a CIO perspective that you can share?

Tom Weck: It's really easy to sit at the top of an organization and try to farm it out to other people in your organization or external consultants. Those people are essential to the process, but you have to own it at the end of the day. You've got to be able to focus on solving the big problems within your organization, and those are going to vary from organization to organization. For example, we focused on some large program failures that we needed to fix to reestablish credibility with the business—that was vitally important.

It's also essential to communicate each and every day, and to do so in a manner consistent with your principles—and I don't just mean during meetings and town halls. People also need to hear about it when they're interacting with you one on one, because that's where it comes across most naturally.

Jeffrey Lewis: Steve, what other key learnings are you seeing from other similar situations?

Steve Van Kuiken: One is to make sure the business and IT have shared goals that are focused on impact. Another key learning is education. It's important for business leaders participating in this new model to understand the power of technology, what it can accomplish, and the product-owner role.

Finally, I'd emphasize end-to-end thinking. You can have great collaboration on the front lines for the product model, but if the rest of the IT organization's not delivering at the same speed as the cross-functional team, the model will start to break down and you'll end up with the same slow processes. So thinking through how all elements of the IT organization work together to deliver on these joint goals becomes absolutely critical. They can become failure points if not focused on properly.

Tom Weck: That's a crucial point. Understanding what a product owner is and making sure you're recruiting skilled people who actually know how to discharge those responsibilities is vital. You can always retrain some people, but infusing a few people from the outside with tech backgrounds, who understand what being a product owner means, can be really invaluable.

Big improvements

Jeffrey Lewis: Can you talk a little bit about the impact that you've seen so far?

Tom Weck: The most heartening thing for me is that we're seeing a major shift in the way that employees view our technology, and our customer-satisfaction scores have risen substantially on the products where we've made the greatest improvements.

We're starting to see improvements in velocity and how we deliver solutions and capabilities to our business partners and the organization at large. We're also seeing a reduction in the number of necessary resources, because we've done away with extraneous requirements that only added complexity. On the speed and value side, we're seeing improvements of at least 20 percent, and our customer-satisfaction scores have been even more substantial.

From an employee perspective, it's also incredibly encouraging, because you're focusing

on delivering value rather than just sitting in meetings. According to one of our data points, we've reduced the number of meetings people attend by roughly 25 percent. That's even more important now, because the work you're doing is actually turning into a tangible product, and maybe that's the corollary to the 20 percent improvement in velocity. But it's a great value driver on the employee side of things, which I think is a tremendously important point.

Jeffrey Lewis: Steve, from your perspective, what sort of impact are you seeing across the board?

Steve Van Kuiken: One is the improvement in the consumer experience, whether it's an external or an internal customer. That's the main reason for moving to a model like this. Also, employees

working in these cross-functional teams enjoy their work more. They're more empowered to make decisions, so it's a much more enriching way to work.

The third thing is the huge speed advantage. And in an environment where pace is becoming ever more important for businesses to be competitive, this unlocks a lot of speed and flexibility in terms of making decisions and changing course when necessary. So the model itself improves the competitiveness of the company.

All these impacts apply to almost any industry and business. Of course, there are productivity savings and other benefits, but these three are the most important.

Jeffrey Lewis and **Steve Van Kuiken** are senior partners in McKinsey's New Jersey office.

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