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## CIO Interviews

### Wal-Mart CIO Linda Dillman Talks Shop

By Pam Baker  
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"We take a development approach to implementation. CIO Linda Dillman told CIO Today. "Frankly, we do not believe anyone is a good enough designer to get any project perfect from the very first. So we learn a lot -- and it happens accordingly along the way."

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**Wal-Mart's** Executive VP and CIO Linda Dillman is credited with developing one of the most sophisticated information-services networks in the world. Dillman's most notable accomplishments include the implementation of perpetual-inventory systems for the giant retailer.

She also is a major force behind the current RFID movement in supply-chain management throughout the retail industry.

She has served in several key information-services management positions, including applications development manager for SAM'S Club and application-developer for Wal-Mart before being promoted to director of applications development.

Wal-Mart Stores Inc. fills the number-one slot on the Fortune 500 list. It operates 1,500 Wal-Mart Stores, Supercenters, Neighborhood Markets and SAM'S Club locations in 27 States. Internationally, the company operates in Argentina, Brazil, Canada, Germany, Japan, Mexico, Puerto Rico, South Korea and the UK.

Seated in an airport between flights in her overbooked work schedule, Dillman spoke exclusively with CIO Today about the inner workings in I.T. at Wal-Mart and the challenges and opportunities CIOs face in the current business environment. Collected and serene, the affable Dillman exudes a mixture of confidence and poise.

#### CIO Today: What are your top concerns as CIO?

**Dillman:** People are always asking me that question. And there's no easy

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are so many things on my mind at any given moment. The answer depend ask. But overall, I would say the top concern always centers on people dev

We build most of our own systems and we try to continuously grow our pe absolutely amazing team and I focus on replicating that. I am constantly lc to increase the skills of the team and add members who are the best in the

I share many of the same concerns as other CIOs, but I think they are all i None of it keeps me awake at night.

There is a major irritation in the mix: spam and the like. It's a real shame spend so much time and effort battling that problem rather than on more p issues.

### **CIO Today: Has the I.T. environment changed from 5 years ago?**

**Dillman:** Two to three years ago, everyone was wondering whether everyi going to come together or stay piece-meal. There is so much more innovat things are coming together. We have moved through a transition period.

Mobility has made a big difference ... even in some surprising places. For e we really watch costs closely, and cut them everywhere, we can ensure ou get the lowest prices always. We even measure the number of pages we p

Our goal for this year was to reduce printing costs by 10 percent; so far th have cut them by 19.7 percent and that happened because our associates mobile devices that negate a lot of the need for the printed page.

There have been big changes in network capabilities as well; that changes can and will do. It changes the business model too. For example, our Web customers to their favorite store.

They can upload their digital photos at home and pick up the prints at the convenience no one would have imagined just a few years ago. Increasing capabilities change how you use the different channels separately and colle how you serve the customer overall.

### **CIO Today: How have new legislative demands affected the I.T. department and th particular?**

**Dillman:** I assume you are referring to Sarbox? That hasn't had a very big Sam (Walton) used a very detailed control system in his day and it is prett same system we use now; it's just larger and computerized.

We develop and build our own systems and use common systems around t we have always had a strong control focus. Therefore, Sarbox requirement more than documenting and testing to us.

Our biggest concern is maintaining that control in the future since, given o is no such thing as a small error anymore.

### **CIO Today: Which enterprise component or technology will be growing most in te of your company's budget pie in the next 12 months?**

**Dillman:** Blade servers; we are very excited about blades. Networks continue to be a large component for us.

We will also be buying more storage, like everyone else. We keep three copies of data, so we have a huge need for storage.

**CIO Today: Can you walk us through the decision-making process of implementing a business process management initiative?**

**Dillman:** We are centralized, so we have only one I.T. group for the company. We charge I.T. costs to general overhead rather than to business units, but each unit has a manager on the team so that benefits and drawbacks can be evaluated realistically by unit.

Even so, we focus on global strategic initiatives first.

We start in the fall and spend two days off-site to study customer priorities in each area. By January, we go back to each unit to discuss and finalize our strategy. By the start of our fiscal year on February 1st, we are up and running accounts.

We take a development approach to implementation. Frankly, we don't believe in a good enough designer to get any project absolutely perfect from the very beginning. We learn a lot -- and tweak accordingly along the way -- by breaking large projects into smaller deliverables.

The human tendency is to build something perfect. But I always tell the team to start with something better than you have today -- then the payback will be immediate. If you wait in order to make the thing perfect, you'll never finish the job and you'll lose the money you could have made with something better, but not perfect."

**CIO Today: What are one or two software or hardware products your company uses that you would describe as "outstanding?"**

**Dillman:** RFID, certainly. The impact of electronic product code is significant. We have been trialing it in three distribution centers and in 150 stores and centers in the field.

There are more than 100 suppliers shipping tagged items and we have taken over a million (electronic product code) reads -- all with good results in process. We focus on the shelf stock -- in keeping it filled for the customer.

Before, a department manager could scan anything he needed restocked. Now we can create an auto pick-list that can automatically order goods as sales decrease.

It can even prevent overstocking by informing the manager he has how much of something whatever already in the warehouse or backroom. Identifying goods and their location is very advantageous in numerous ways.

We'll be using RFID in the future for asset tracking on laptops and other mobile devices.

**CIO Today: Which emerging technology do you see as most important to the enterprise?**

**Dillman:** There really isn't much emerging. But what already exists is moving forward. That's exciting when you really look at the possibilities.

### CIO Today: Where do you go to do your research on new technologies?

**Dillman:** All our initiatives are business driven, meaning we look for solution opportunities from a business standpoint and then find technology that accomplishes specific tasks. We do not become enamored with technology and then figure out what we might use it.

So when we go out to research, we already know what we are looking for and that much defines where to search. If it does not already exist, we create it.

We have good relationships with our I.T. suppliers and visit their labs and departments regularly. We also look outside retail a lot for new ideas.

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