Executive EDGE

RELIEF FOR TECHNOPHOBIC CEOS

Do chief executive officers (CEOs) have to use computer technology firsthand to recognize its value to their organizations? Although the jury is still out, an increasing number of CEOs believe they need to know their way around a computer keyboard to keep in sync with staff and help make sound decisions on their companies' information technology purchases.

But many CEOs are embarrassed to admit to staff that they are "technology impaired." Islandia, NY–based Computer Associates, Inc., offers such CEOs a "technology boot camp," at which they receive keyboard training and attend lectures on topics such as software and the information superhighway.

CEOs appreciate the segregation of this boot camp. "It's hard to ask dumb questions at work—they go back to the cafeteria and say, 'You won't believe what the chairman just asked me,'" says Marshall Carter, chairman and CEO of State Street Boston Corporation.

In addition to saving face, participants in the program hope to learn enough to understand what their chief information officers (CIOs) are requesting when they propose costly technology purchases. One way CEOs can help avoid wasting millions of their companies' dollars is to become involved in such purchases and to involve the CIO in the strategic planning process.

Knowing something about information systems is becoming in-

creasingly important. Information technology accounted for 35 percent of all capital spending in 1993, whereas a mere four years earlier it accounted for only 27 percent. In addition, with technology spending averaging a 54 percent return on investment, it is far better

than any other type of capital investment.

Still, many consultants do not believe CEOs need to be computer literate—just know how information technology can benefit their companies. CEOs attending computer boot camp disagree, believing they *must* be

computer literate "to do strategic thinking that a company in today's world needs," says Edward Vetter, a retired executive vice president of Texas Instruments.

From William M. Bulkeley, "Basic Training," Wall Street Journal, June 27, 1994, pp. R20, R25.

PAY SYSTEMS: THE PERILS OF CHANGE

As companies restructure in the nineties, they are often finding that changing compensation systems is the toughest challenge of all. Many companies have long relied on a version of the pay system created by Edward Hay for General Foods back in the forties: a set of strict pay ranges reflecting the firm's hierarchy. But that system tends to reinforce the compartmentalization that companies now want to avoid.

How can companies replace the rigid Hay system without alienating loyal employees? In 1986 Motorola began

rewarding some of its workers for acquiring basic math and reading skills. But employees complained that although they were expected to work in teams, they were now paid to develop as individuals. Motorola dropped the new system in 1992.

On the other hand, in 1991 Marshall Industries, an electronics distributor in El Monte, CA, decided that the commission system forced salespeople to compete against each other. The company did away with commissions and various incentives and now pays salaries instead.

"We talked to every person in this company during the conversion," says CEO Robert Rodin. Salespeople were skeptical about the new pay system at first, but now they say they like the predictability of a salary.

Another new pay system is based on consensus. At Munger Tolles & Olson, Los Angeles, partners assign earnings based on their view of their colleagues' contributions to the profits. A compensation committee then weighs partners' opinions and decides how much each will earn that year.

From Jaclyn Fierman, "The Perilous New World of Fair Pay," Fortune, June 13, 1994, pp. 57-64.