Almost any CIO can succeed with the right resources. But how about succeeding when the company experiences a severe downturn due to the hard-hitting recession in the building industry? That was Tony Lombardi’s challenge as the new CIO of Armstrong World Industries.

Armstrong’s strategy for growing the company during the current economic recession has been to expand into emerging markets through optimizing the product portfolio, building innovative leadership, and emphasizing operational excellence. Results so far have been positive. Sales to emerging markets have increased by 50% since 2009, and the company is building three plants in China and one in Russia. It has also introduced many innovation initiatives and new, sustainable products that will be the bridge to future growth.

However, the investments in new markets and products have been funded by reductions in operational areas such as IT. To support Armstrong’s growth strategy with a 25% reduction in IT spending, CIO Lombardi has five key IT strategies. The first three focus on the company’s overall strategy of improving operational excellence:

1. This is part of a series of columns from the SIM Advanced Practices Council, an exclusive forum for senior IT executives who value directing and applying pragmatic research; exploring emerging IT issues in depth; and learning different, global perspectives from colleagues in other industries.
1. Simplify and standardize the global IT environment through expanded enterprise applications and infrastructure services to reduce costs and enable standard processes. Although SAP is the core ERP, the company still has multiple different local ERPs. There are diverse applications and development platforms with legacy development methodologies. Moreover, program management and enterprise architecture structures are too informal.

2. Transform the IT cost profile by pursuing transformational changes to get global costs to 1.3% of revenue with 50% spent on value-driven investment.

3. Build a global IT organization with global resources to support a common, global IT portfolio. Change Armstrong's current centralization profile from 85% to 100%.

The fourth IT strategy focuses on Armstrong's overall strategy of building innovative leadership:

4. Drive innovation and bring new capabilities to the company by leveraging new technologies. One technology area the company knows it must invest further in is business analytics.

The fifth IT strategy focuses on ensuring that all IT services are high quality and meet high expectations for customer experience:

5. Enhance the IT brand. Currently, customers are dissatisfied with the offshore help desk and the Europe help desk is only in its infancy.

By 2015, Lombardi expects to have in-place:

- Globally-leveraged solutions across business units supporting standardized processes
- Global role-based staffing
- One coordinated project queue
- End-to-end services
- Cloud services and bring-your-own-device adoption
- Global IT costs at 1.3% of revenue
- 50% of IT spend on value-driven investment.

The current IT organization has many existing strengths to enable the transformation. There is strong and transparent business alignment as well as portfolio management processes. IT staff members are very knowledgeable about Armstrong business processes. Its SAP competency has been externally recognized by the vendor. And the stable current infrastructure creates credibility and confidence. However, staff retirements of up to 20% by 2014 are anticipated, which could impact the continuity of business and IT knowledge. And the infrastructure is continually under stress due to cost pressures.

Lombardi envisions capitalizing on the opportunities embedded in Armstrong's growth agenda. His new IT executive team views itself as an idea cultivator rather than an order taker, creating incentives for outsourcers to bring innovation and best practice standardization to their services. Team members are migrating to service manager roles to ensure operational excellence, innovative leadership, and a great customer experience.