This profession was built by courageous and creative leaders, one deal at a time. We owe a great amount of gratitude to these history makers, the brave individuals with the pluck to create our present with their past actions. IAOP’s Outsourcing Hall of Fame honors these founders of the outsourcing profession.

Dr. Wendell Jones, COP, is one such leader.

INTERVIEW BY MARY LACITY

Digital Painting by Tom Centola
today, millions of us are employed in the global outsourcing community as providers, advisors, clients, government officials, analysts and industry consortium members. IAOP’s Outsourcing Hall of Fame honors these founders of the outsourcing profession and Dr. Wendell Jones, COP, is one such leader. Mary Lacity, COP, Curators’ Professor at the University of Missouri-St. Louis, recently interviewed Dr. Jones because, as Lacity said, “We need to preserve the history of this profession. We still have much to learn from people like Dr. Jones.”

ML: Wendell, you were inducted into the IAOP Hall of Fame in 2012. This is an honor that is bestowed on only the most elite group of executives who formed the outsourcing industry. One of the reasons you were honored was in recognition of your critical role in the landmark $3 billion McDonnell Douglas (MDC) contract that was signed back with IBM in 1991. Outsourcing was still a new practice then. Would you walk us through your decision making process at that time?

WJ: In early 1991, McDonnell Douglas was looking to cut costs significantly. The word “outsourcing” had just come into the industry press with Continental Bank and Kodak, and other less known deals. Prior to 1991, providing services externally was not new. The difference is that with outsourcing you not only take on the help of an outside provider to do some portion or to do the entire project or function for you but you actually transfer to the outsider the people, the resources and the performance of what was previously an internal function. Our initial thinking was that a provider might be able to run our huge data centers much more efficiently than we could do it ourselves. We weren’t really thinking in terms of total outsourcing when we started the analysis. We were looking at and were open to any way possible to reduce costs.

ML: When did you consider outsourcing more than the management of your infrastructure?

WJ: As it turned out, we slowly began to realize that there was a huge advantage in offering a total package to these providers because we had huge facilities, data centers, buildings that the data centers were in, huge networks, and other resources that had value in their own right apart from the IT assets. We finally struck a total outsourcing deal with some caveats. We retained application work within the component companies, for principally internal political reasons. We outsourced the huge central facilities that were a budget of about $300 million a year. IBM wrote us a check for the assets that we transferred. And it made a huge difference on the bottom line and year-end report.

ML: My recollection as part of this story is that McDonnell Douglas was severely short on cash at this time. Your company was worried about making payroll. This deal really helped you keep afloat when you needed it.

WJ: Recognizing the lack of generally-accepted best practices, Robert Kleeper and I decided to write a “how-to” book on IT outsourcing. General Dynamics was the most influential advisor for us because they were a neighboring company also headquartered in Saint Louis. We had a strong industry aerospace association where we had a lot of exchange of information between us in terms of best practices within the industry. The natural one for me to lean on heavily was the CIO of General Dynamics. I learned from General Dynamics the importance of using technical measures of performance to support business objectives. Kodak taught me the importance of the relationship management structure and processes. I also learned from attending conferences and working with Michael Corbett’s organization and the Sourcing Interest Group, founded by two executives with banking back- grounds, Barry Weigler and DuWayne Peterson. These executive-level organizations saw the need for peers to exchange information on best practices and learn from each other. They were the genesis of our industry.

ML: Did you hire an advisory firm like TPI to help you?

WJ: Yes, but not one firm, as I preferred to work with individual consultants for their specific expertise. I also wanted to use the legal services of Harry Glasspiegel from Shaw Pittman, but our corporate legal department disagreed. I did find the funding for a consultant to help write the RFP, and I contracted with Joe Izzo to work with our team to hammer out the RFP. I also had an agreement with Peter Bendor-Samuel, formerly with EDS, to advise me about the political minefields along the way.

ML: Can you tell me about how many pages in length and how many service level agreements you had in the contract to give us an idea of the complexity?

WJ: The total contract with all the appendices would have been seven or eight three-ring binders. Thick ones! There were a lot of appendices that outlined each of the service levels and levels of performance and expectations ... I’d have to say, maybe, somewhere around 70 service levels.

ML: What would you have done differently?

WJ: What did we poorly was internal communications within the business units. We didn’t inform and prepare the component companies very well. Each of the business units had a director of information technology. The IT directors were on the outsourcing steering committees, but they didn’t really take ownership of the outsourcing decision. The ownership passed from corporate to me. The CFO said, “Don’t you worry Wendell, I will keep all the component executives informed about everything that we are doing.” I would feed him information, but he wasn’t getting the word out. I should have been following up more closely with him and checking to make certain accurate information was being disseminated throughout the business units.

ML: So what happened?

WJ: When our 2000 internal McDonnell Douglas IT employees switched to IBM badges and came to work on the first day, many units and geographies were unaware that the change was effective that day. And they did not understand how they were to deal with the freshly-badged IBM employees. Our phones were soon ringing off the

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“I need to have the money deposited by the end of the calendar year. I didn’t have much Christmas vacation time as we received the check, as I recall, on Dec. 27.”

“IBM, EDS, and CSC were the main large providers. McDonnell Douglas was IBM’s largest data center customer in the western U.S. and we had some history with EDS. They were both naturals to be invited to respond to our RFP. I wanted to bring CSC in as I had done business with them in the past. I think they would have added to the competition and were certainly capable of providing the services. The main reason why we did not invite CSC was our concern that CSC already had a heavy responsibility with its General Dynamics contract signed a few months earlier.”

“Also, back at that time, we didn’t really have a lot of shared best practices. I know that you sought advice from two of the landmark deals signed prior to yours: General Dynamics and Kodak. Both of those companies had very different types of approaches towards outsourcing. What did you learn from each?”

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“Now in hindsight, what would you say in that very nascent deal, that you did well?”

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Douglas where we were trying to reduce costs, get the cash we needed and save the company. The motivation now was to create opportunities for our employees for the long term by outsourcing legacy systems.

**ML:** So you decided to outsource legacy systems — how did you select an Indian provider?

**WJ:** I said to the team that worked on the RFP, “Let’s send the RFP to local companies because we’ll come under a lot of criticism if we don’t offer the work locally. Let’s not send it to the big guys, since it is probably not a large enough contract to appeal to them. Let’s open it up to any company that might come to us and suggest that they would like to submit a proposal.” All of a sudden, here comes a company out of the blue — Tata Consulting Services (TCS). I never heard of them before. In my mind, the Indian companies were doing Y2K remediation work, but now we had a company named TCS with a proposal. It was not written in clear English but the proposed costs and performance standards were impressive. And so when it came to their oral presentations, we had lots of questions representing the executive team from various business units. The executive team concluded that TCS had the best proposal in terms of performance levels and cost.

**ML:** So you selected TCS!

**WJ:** Yes. The executive committee and the teams reporting to that committee overwhelmingly recommended TCS as the first choice. So, almost by accident, Wendell Jones was now pioneering offshore outsourcing in the securities industry, and it wasn’t because of my great foresight. My motivation for considering outsourcing was entirely different than at McDonnell Douglas, and I wish I could say I foresaw the potential of global outsourcing and therefore pioneered offshore outsourcing in the securities industry. The truth is I did pioneer offshoring in the securities industry, but it wasn’t because of my great foresight. When I became the senior vice president for technology for NASD/NASDAQ Stock market, we were heavily engaged at that time in converting all the old mainframe-based systems to client server systems in the early to mid-90s. We had many contract hire consultants working on all of the new projects. Then I realized once these consultants have developed these systems and turned them over to us, my internal employees who have not worked with the new systems would not really understand the new technology, as many of the internal staff were maintaining legacy systems to keep everything running smoothly. Suddenly I realized that we need to outsource legacy systems maintenance and move our people over to work on the new technology systems and therefore be a valued employee for the long term. My motivation for considering outsourcing was entirely different than at McDonnell Douglas where we were trying to reduce costs, get the cash we needed and save the company. The motivation now was to create opportunities for our employees for the long term by outsourcing legacy systems.

**ML:** Let’s move to the growth of outsourcing. We mentioned back in 1991 the big players were EDS, IBM and CSC. When did the issue of globalization first come on your radar? Particularly, the rise of India in the global IT market?

**WJ:** I wish I could say I foresaw the potential of global outsourcing and therefore pioneered offshore outsourcing in the securities industry, but it wasn’t because of my great foresight. When I became the senior vice president for technology for NASD/NASDAQ Stock market, we were heavily engaged at that time in converting all the old mainframe-based systems to client server systems in the early to mid-90s. We had many contract hire consultants working on all of the new projects. Then I realized once these consultants have developed these systems and turned them over to us, my internal employees who have not worked with the new systems would not really understand the new technology, as many of the internal staff were maintaining legacy systems to keep everything running smoothly. Suddenly I realized that we need to outsource legacy systems maintenance and move our people over to work on the new technology systems and therefore be a valued employee for the long term. My motivation for considering outsourcing was entirely different than at McDonnell Douglas where we were trying to reduce costs, get the cash we needed and save the company. The motivation now was to create opportunities for our employees for the long term by outsourcing legacy systems.

**ML:** Let’s move beyond India. You also have quite a bit of experience in global sourcing in other countries too. Tell us a little bit about your role in Jordan and how you became an advisor to the King of Jordan.

**WJ:** I was giving a talk at a conference somewhere. A gentleman came up to me and said, “Let’s get together. I want to talk to you about something.” We went out and got a drink and he said, “I’m on contract with AID, the Agency for International Development. We are looking for an expert on outsourcing to take to Jordan to lead seminars for Jordanian CEO’s and teach them about how the Indians and the Israelis and other countries are providing outsourcing services.” As we were working out the details for my contract with AID, I stipulated, “I’ll do it under two conditions, here’s my daily price to go over there to do the seminars, meet with all these executives and any other consulting…In addition, I want to personally meet with the King.” They replied, “Well, absolutely, Dr. Jones, that’s not a problem. We’ll arrange that for certain.” I actually may have put that as a footnote to the contract. So, we get over there and arrive and they took us right through customs. The King had a car to meet and take me out to the hotel, and then later with an entourage of American and Jordanian officials, we drove in a convoy of cars to the palace where the king worked, but not the palace where he lived. About 15 of us met in the Chief of Staff’s office, elbow to elbow, in front of his desk. The Chief of Staff explained what was planned for tomorrow. Then, he said, “Dr. Jones, His Majesty asked me to convey to you his apologies. His Maj- esty’s wife is not feeling well today, and he had to go home to be with her.” After a brief pause, I replied, “Oh! So, I
... without a pause to consider what I was saying, I exclaimed ‘Well, then there won’t be a seminar tomorrow since it was part of my agreement that I would meet with His Majesty.’ The whole room got quiet. Whoops! I’m making a cultural faux pas here, I realized. They did not understand that it was my attempt at humor.

ML: Oh! Right! Nobody understood that you were teasing!

WJ: Yes! I then quickly said, “I’m just joking!” I understand the issue. You could hear everyone in the room sigh with relief. That incident must have gotten back to the king because the next time I went over; we were at a casual event outside by campfires. I walked over and introduced myself. “Oh! Dr. Jones, I remember you from before and I’m very sorry I wasn’t able to meet with you.” So, we did chat a little side by campfires. I walked away, but I could hear everyone in the room talking about the incident.

ML: So we talked about India and we talked about Jordan. We can’t possibly ignore China. I know you’ve toured China and looked at their outsourcing capabilities. Why did you want to do business with them, and also develop and hire experienced project managers. At the time it was virtually impossible to understand that it was my attempt at humor.

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ML: What about later in your career?

WJ: Later on, I was strongly influenced by an article by Peter Drucker in the Wall Street Journal on how to manage your boss. It appeared in the 1980s. He wrote that there are many management courses that teach us how to manage our subordinates, but little is available that teaches us to manage our boss. The boss is the most important person whose success you have to concentrate on. You have to make the boss’s life easier. If the boss has weaknesses, you have to find ways to fill those in. If he has strengths, you have to.find ways to bring those out. But it is not your job to change the boss or criticize the boss. It is your job to see that the boss succeeds. Drucker also said, “Don’t ever let the boss be surprised. Make sure he knows what you are doing. He doesn’t have to know the details but has to know what direction you’re going in.” I thought that was wonderful advice. I thought about that and said, “I’ve always been a little fearful of the boss, but I have to take on the role of being much more proactive in the success of my boss.” When I practiced what Drucker advocated I developed a cadre of mentors who felt comfortable with bringing me in to talk about most subjects. My bosses were also partners, or big brothers, as they began to take an interest in my development.

WJ: The Chinese embassy contacted me and said, “We understand that you are an expert in this area and we’d like to invite you to come to China.” I lined up a group of executives who had an interest in possibly doing business with China. We toured a lot of different software companies and software centers. The Government had built a lot of impressive centers for software development, which were mainly empty buildings at the time. We met with high level government officials. We advised them to hire Chinese Americans to be the marketing frontend for their businesses. In other words, hire people who look Chinese but can speak clear English with Americans trying to do business with them, and also develop and hire experienced project managers. At the time it was virtually impossible to understand the Chinese speaking English I. We reiterated in every meeting with government officials, “Your three weaknesses are that you do not have the experienced management teams, (project management skills) and you do not have experience managing at the next level up. Both levels are key to delivering these projects and gaining the confidence of American companies that you are going to do business with. And thirdly, you have a severe English communication problem that you will have to overcome.” They took good notes because I could see in a later visit that they were beginning to do just that.

ML: Besides advising entire countries, you have mentored many individuals over the years, including me. I know from our many conversations that mentoring your subordinates and other people like me just starting out has been a joy in your life. I wonder, did you have any mentors?

WJ: No and yes. I guess one of my biggest mistakes in my early career was that I was not good at building relationships upward. I didn’t ever say, “Boy, there’s a person who would make a good mentor and I’m going to develop that relationship.” I think in part, that most of the mentors when I was growing up would have been men. My father died when I was four years old. I never really had a father so I did know how to develop a relationship with a senior man in my life. I saw them as the “big boss” and if he wanted to talk to me, he would.

ML: I took on the role of being much more proactive in the success of my boss. When I practiced what Peter Drucker advocated I developed a cadre of mentors who felt comfortable with bringing me in to talk about most subjects. My bosses were also partners, or big brothers, as they began to take an interest in my development.

Mary Lacity, COP, Curators’ Professor at the University of Missouri-St. Louis, met Wendell years ago when she was a newly minted Assistant Professor studying IT outsourcing. She facilitated her research by introducing her to many senior executives involved in outsourcing decisions and implementations.

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ML: So was that your first trip to China. What did you see on subsequent trips?

WJ: I went back there about five years later as part of an entrepreneurial effort. I was brought in by an American entrepreneur who wanted to be the front end for a lot of companies in China actually doing the work. That was another week or ten days that I spent with Chinese companies, and I saw that during that period of time they had made tremendous progress in terms of their communication ability, how they presented themselves, and the market segments that they were targeting.

ML: Interestingly, I have had many mentors and influential people like you, Mary.

WJ: Yes, I am proud, Mary, when people of your stature tell me that they have learned from and been helped by me. There are some executives that worked for me when they were younger and later became very successful senior executives who say that they learned from me leadership skills and how to successfully work with people of various backgrounds. That gives me a great deal of pleasure. However, I am most pleased about the integration of my family and professional lives. Grace and I will have been happily married for 30 years in June 2013 and managed to remain married during my three careers and relocating almost 30 times. We love each other, our three children and their spouses, our seven grandchildren, our brothers and sisters, and nieces and nephews. Our three children and their spouses are well educated and all are in professions that serve people, including medicine, surgery, dentistry and education. We enjoy close relationships and feel a genuine affection for our friends. We long ago learned how to laugh and enjoy the moment, and to not take ourselves too seriously. To my knowledge, I have no enemies, and feel no animosity toward any person I have known during more than 70 years of living and 50 years pursuing three careers as an Army officer, business executive and management professor. In short, I have no regrets or unfinished business. As James Cash Penney said: “Success cannot come from standing still.” I am not ready to stand still.