

WHEN A CORPORATION undertakes a strategic transformation, Frank P. Russomanno says its executives must embrace four tactics: developing the correct business strategy, changing the culture, retraining employees and executing the strategy. As president and CEO of IMATION CORP. (IMN), he's learned how to redefine a company's goals and direction.

In 1996, Imation spun off from 3M CO. (MMM) as a collection of eight unrelated businesses, most of which were later divested. The remaining core business focused on data-storage media serving B2B customers. Yet, Russomanno says, Imation's executives realized that future growth would come from the larger and faster-growing consumer segments, so it was time for a business-strategy overhaul.

Since 2006, Russomanno says, he and his team have worked to transform Imation into a brand- and product-marketing company with a balanced portfolio in commercial and consumer markets. The new approach includes building a portfolio of consumer brands, such as Memorex (purchased in 2006) and TDK's recording media business (purchased in 2007). "With Imation, Memorex and TDK, we've created a multibrand portfolio unique in our industry," he explains.

Russomanno, 60, who spent 23 years at 3M in various sales and marketing positions, says he's now concentrating on reskilling his workforce so employees can execute Imation's new consumer-focused growth plan. "To effectively execute strategies," he explains, "a CEO must make hard decisions and tough choices."

With 18 to 24 months left to complete Stage 1, Russomanno, who has a BA in history and was an artillery officer in the U.S. Army, sees "every day as another big step." »



THINK, THEN DO

Imation's CEO says successful transformations hinge on well-executed business strategies.

BY LAUREN DONALDSON

» How did Imation develop a new business strategy?

Our transformation began in earnest in 2006 when we acquired Memorex, one of the strongest consumer media brands in the U.S. Our situation analysis indicated that the storage business was changing and it was time to implement a new strategy centered on three specific actions: optimizing our core magnetic-media business; growing our product portfolio across the four pillars of storage — magnetic tape, recordable optical, flash memory and external or removable hard drives — and extending the brands in our portfolio into other product categories.

How do you manage multiple brand identities?

When Imation acquired the Memorex and TDK Life on Record brands, the executive team knew that we had all the pieces in place to give our new strategy credibility. Yet we faced the challenge of managing multiple brands. Consumer research helped clarify each brand's distinct style and unique customer segments.

For example, there is a customer segment we've dubbed memory keepers. They're people who capture and retain their important digital files — photos, video and so on — on devices that allow them to safely store, organize and share them. Our research found that Memorex is perceived as a flexible, versatile

brand that speaks to these memory keepers; it's strongly preferred in the U.S. Our TDK Life on Record brand is very strong for both the tech-savvy and memory-keeper segments, particularly in Europe and Japan. Imation's heritage as a respected data-center B2B brand appeals to highly tech-proficient consumers, particularly across the Asia-Pacific region outside Japan.

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How we take each brand to market and position them is different. We set up a team, for example, made up solely of TDK brand people. Their whole objective is to advance the TDK brand as far as possible.

What is the biggest challenge of a transformation?

Reskilling the company. Many CEOs are faced with the challenge of taking their companies in new directions; the first thing you have to do is make an honest assessment of the skill sets you have versus the skill sets you need to go forward. For Imation, the skills needed in the B2B environment wouldn't necessarily be the same as those needed for the consumer

market. About a year ago, I hired a chief marketing officer who has a strong consumer packaged-goods background to help lead our transformation.

Ultimately our people must have the skills to expand and enhance each of our brands. In Japan, for example, TDK Life on Record is our strongest brand. So we've appointed the former TDK leader as the overall leader of Imation's Japan business. He has the skills and experience necessary to steer our employees charged with expanding each of the brands in that market.

How do you prove that a transformation is on course?

When a company undergoes a significant transformation, the CEO must demonstrate to its customers, investors and employees that the company is truly succeeding in this evolution. You identify specific milestones, and every time you achieve one, you mark your progress. We developed a short list of target-market initiatives — just three to five, because they're big. Then we created a longer list of crucial process-improvement programs we have to accomplish and, finally, a list of possible future opportunities that we refer to as on-deck initiatives.

How does Imation stay ahead of the technology curve?

To remain a leader, you must understand future trends, including those yet to be articulated by customers. For instance, if you have the right marketing information, you can set your technical and marketing teams loose to identify products that address technology consumers' need for portability and a growing preference for wireless products. ■