

**Tom Nealon Remarks**  
**MIT Sloan CIO Symposium Awards Ceremony**  
**May 19, 2010**

I would like to thank the MIT Sloan CIO Symposium for this special recognition. It is quite an honor for my entire team at JCPenney. I apologize for not being with you this evening to accept this award in person. I would, however, like to share a few thoughts on innovation leadership and what I believe it takes to create a sustainable culture of innovation in your organization.

First, for a CIO to be a strong leader, the CIO must be able to identify key business issues that if solved, would be game-changers for the entire company. Typically, game-changing issues are not easily solved and often require significant investment to put the enabling technology platform in place. To this end, the CIO must possess several key leadership components to be successful:

- (1) creating a vision for his/her organization and explaining to your team why it matters;
- (2) “selling” that vision and innovation to get organizational alignment and resources to execute; and
- (3) the ability to envision innovative solutions that can be executed against your vision.

Second, in my opinion, your IT teams must “earn” the right to innovate. Before business partners will discuss innovative solutions, they need to know that IT is taking care of the fundamentals, and meeting its commitments. Then, you will be able to bring your innovative solutions to the table.

Third, investing in innovation and technology is critical in today’s retail environment. At JCPenney, our IT Associates work side-by-side with the business units to cultivate innovative business solutions. The culture supports innovation and our teams are motivated to develop innovative technology solutions that can change the way we engage with our customers and can ultimately become a key driver of JCPenney’s business.

Finally, over the years, I have learned a few important lessons I would like to share.

- (1) A CIO or team leader should not over-manage the creativity and innovation early on. Instead, be patient and see what naturally flows from your team’s creativity; and
- (2) It is of vital importance to “over-communicate” your vision within your organization, especially at the Senior Executive levels; and
- (3) Ensure you have front-line Associates involved in every step of the process. Those Associates are often key in determining the success

of a particular idea and are important in garnering support for a new innovation or process at the grass-roots level of the organization.

Again, on behalf of myself and my entire team at JCPenney—thank you.