

## Baseline 500: Wall Street (Almost) Doesn't Care About CIOs

By Kevin Fogarty

If you judge by stock price, even the top Baseline 500 companies aren't handling their assets so well.

No one doubts that using information technology effectively has an impact on how well a business operates and, ultimately, how profitable it is. So shouldn't certification as one of the 500 companies that use IT most effectively have not only an impact on a company's stock price, but a positive one?

Unfortunately, no.

Looking at the top three and bottom three companies in the most recent Baseline 500 (Oct. 2007), it's not apparent that being named to the corporate IT pantheon had any consistent effect on the stock price of the companies involved.

If we didn't have such an unswerving devotion to the IT community, that might make those of us who spend weeks toting up numbers under the hot glare of incandescent green desk lamps, blistering our fingers with the pull-levers of our mechanical adding machines, feel irrelevant.

Luckily, one more reason isn't necessary, and this one doesn't really exist, according to Paul Strassman, an IT productivity expert and former senior IT executive at Xerox, Kraft and NASA who did the principal analysis of Baseline 500 companies last year.

Wall Street does look at how effectively a company uses IT, Strassman said, but they don't always know what's what they're looking at. Procurement departments and manufacturing operations shift suppliers at the drop of a hat – usually moving internationally to find the best deal. In many cases, they would be unable to do that without a good technology infrastructure.

**Analysts who look at operational efficiency are, in fact, judging effective IT, though they may never dig deep enough to hit the well of IT acronyms, according to Chuck Pappalardo, managing director of Silicon Valley-based recruiter Trilogy Search.**

**"There may be no direct correlation between how well a company does in IT and how well its stock does," Pappalardo said. "But when you really take a look at all the systems of the company, if marketing isn't effective, it may be because it doesn't have the information it needs; if Wal-Mart runs well, it's because they have business intelligence that tells them pop tarts sell better in a certain part of the country after a storm. It's all IT, but people tend to put another label on it."**

**CEOs and other senior managers know exactly what label to put on it, however, and whether to include a pink slip, too. The pressure on CIOs to function as effective partners in a business – not an internal service bureau, not a discrete function to be aligned with business strategies – is so great that CIOs who aren't working actively at it are probably unemployed, or will soon be, Strassman and Pappalardo agreed.**

Luckily for most CIOs, though, the metrics that show them in a good light or a poor one do not depend on the day-to-day irrational exuberance of the market, or lack thereof.

So don't take this correlation too seriously, either for these companies or your own. But don't fail to pay attention, either.

## Baseline 500 Top Three

### 1. Southern Copper Corp.

Baseline 500 2007 rank	1
2007 Sales:	\$3.76 billion
Stock price 10/1/2006:*	\$139.
Stock price 2/1/08:**	\$100.61
Change:	-38.6%

### 2. Chubb Corp.

Baseline 500 2007 rank	2
2007 Sales:	\$13.7 billion
Stock price 10/1/2006:*	\$53.35
Stock price 2/1/08:**	\$51.26
Change:	-4.1%

### 3. Chesapeake Energy Corp.

Baseline 500 2007 rank	3
2007 Sales:	\$4.9 billion
Stock price 10/1/2006:*	\$39.48
Stock price 2/1/08:**	\$42.89
Change:	+8.6 %

\*Baseline 500 2007 publication date.

\*\* Closing price first day of each month.

## Baseline 500 Bottom Three

### 1. M&F Worldwide Corp.

Baseline 500 2007 rank	497
2007 Sales:	\$312 million
Stock price 10/1/2006:*	\$35.11
Stock price 2/1/08:**	\$52.47
Change:	-49.4%

### 2. Metropolitan Health

Networks, Inc.	498
2007 Sales:	\$190 million
Stock price 10/1/2006:*	\$2.33
Stock price 2/1/08:**	\$2.5
Change:	+7.3 %

### 3. Crimson Exploration, Inc.

Baseline 500 2007 rank	500***
2007 Sales:	\$17 million
Stock price 10/1/2006:*	\$11.5
Stock price 2/1/08:**	\$8.90
Change:	-29.2%

\*\*\*Consistent figures for No. 499, Asiamart, Inc. not available. Trading price on Feb. 15 was 16 cents.



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