

## CarMax's CIO says culture is more of an impediment than technology for organizations pursuing a digital overhaul. Here's how he managed the shift at the nation's largest used car retailer.

Joe Williams 9 hours ago



**Shamim Mohammad is the chief information and technology officer at CarMax** CarMax

- **Companies are all rushing to try to adopt the newest digital offerings. According to CarMax's Shamim Mohammad, cultural shift is the key differentiator for that tech overhaul to be successful.**
- **Mohammad has first-hand experience. As chief information and technology officer at the nation's largest used-car-retailer, he led CarMax through the biggest organizational upheaval since it was launched 25 years ago.**



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- **Among the new products launched under Mohammad's tenure is a 360-degree-view for customers to inspect a car's interior and an online financing tool that allows customers to purchase a vehicle and, ultimately, have it delivered directly to their home.**

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Companies of all stripes are rushing to [adopt new digital offerings](#) to [lower production costs](#) and [generate new revenue](#). And in many cases, they are all clamoring for the same applications.

That makes the [cultural aspect of the shift](#) even more important. Namely, how the company is able to organize their employees around a common goal, like utilizing those tools to actually improve the customer experience.

It's something Shamim Mohammad struggled with as he led CarMax — the nation's largest used-car-retailer with a market value of \$15.5 billion — through its own digital upheaval as its chief information and technology officer.

The same technology is available to everyone, but the differentiation is "the ability to use those emerging technologies and new capabilities, and applying it to deliver a great experience for our customers," Mohammad told Business Insider. To do that, he had to reorganize the company to "adopt those changes quickly."

Tech leaders, Mohammad says, can't make decisions fast enough because they are bogged down by a "top down" bureaucracy, under which all decisions need approval



from direct reports. While this structure is still rampant in corporate America, many organizations, like [Nationwide](#) and State Farm, are instead urging employees to act independently to speed product development and other processes.

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But [doing so is not easy](#) and requires a major cultural change. "It is why a lot of companies don't make the transition because they cannot get everybody aligned and organized," Mohammad said.

Often, it's the tech leaders like the chief data officer that are leading those efforts. Mohammad, who previously served in top IT roles at B.J.'s Wholesale Club and Blockbuster, shared how he found allies at the top to help push the changes necessary to accelerate CarMax into the digital era.

### **'Shock the system'**

Upheaving the digital operations at CarMax wasn't easy.

For starters, because every used car is unique, the company still has to manually upload pictures of every vehicle on its site. Now, the lengthy process has been reduced to just a few clicks before photos are uploaded to the website. And because it's not just about the exterior of the car, the company also launched a 360-degree view of the interiors for consumers to browse before making a purchase.




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CarMax also found that customers wanted to launch the financing process in their home to make the in-store experience faster and easier. So the company created its own digital finance pre-approval product, going from testing to full rollout in under six months. Should a customer choose, they can finish the entire car purchase online and have it delivered directly to their home.

Each of these advancements were supported by a product-team specific to the initiative that includes members from cross-functional departments, such as marketing, technology, operations, and finance. "At the end of the day, these product teams are working like a small start-up entity within the construct of the big company," he said.

But to do that, Mohammad had to first break-down organizational barriers between those cohorts.

Part of what made the shift easier to manage was the open culture at CarMax. CEO William Nash, for example, regularly plays basketball with a team of employees — a sign of just how visible the top brass are within the office.



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Still, what Mohammad was implementing was a radical new organization structure, the likes of which hadn't occurred since CarMax's first disrupted the used car industry when it launched 25 years ago.

"We had to shock the system," he said. Among other things, the executive team physically moved product teams together and even setup a new building to co-locate some cross-functional employees.

After that, Mohammad, Lyski, and Hill turned to their employees. Their first step was to break-down the organizational barriers to encourage cross-collaboration between the teams. Once they arranged product teams — which consisted of members from business units like finance, product development, and marketing — Mohammad and his partners took the increasingly common step of physically sitting those individuals together in the office.



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### Get the C-Suite and employees on board

The first step for Mohammad was, unsurprisingly, to get support from the top. Without that, he says the plan would have never gotten off the ground.



To convince the C-Suite, Mohammad found two key allies: Jim Lyski, the chief marketing officer, and Ed Hill, the chief operating officer. "We remain very aligned on pretty much everything we do. And we know that our teams need to really see that alignment," he said.

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That naturally brought up questions of whether performance goals would change to reflect metrics like the number of projects in development.

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To ease concerns, Mohammad began hosting technology open houses every two weeks. Over a 3-hour-period every two weeks, each product team is given 10 minutes to share what they're working on, how they are tracking against goals, and what they've learned in the process. Lyski and Hill attend as well, and occasionally Nash sits in.

"That tells the team that we are serious about the work that they're doing and we value the work they're doing," said Mohammad.