Bringing Business and IT Together

Strategy Integration

Background

A common theme in many discussions with business leaders over the past 18 months has been that of ensuring the Information Technology department is supporting the business strategy. While a few companies are justly proud of the progress they have made in establishing and maintaining an integrated single business and IT view of the world, the majority have not. In fact, several bemoan the fact that IT has its own agenda which often bears little relationship to the major business imperatives.

One would have expected that over 40 years into the Information Technology "revolution" the relationship between IT/IS and the business it serves would have settled into a well-established routine but it appears the reality could not be more removed from this in many instances.

In some companies the CIO is often jokingly referred to as the "Chief Impediment Officer" when he or she should be the "Chief Innovator" or "Chief Integrator" ensuring the business has the tools and processes it needs to succeed. With such amazing technologies and astonishing power at the IT department's fingertips how can any business be allowing it to be getting in the way of growth rather than having it as an enthusiastic enabler, thrusting the business forward on its desired path?

What is the Issue?

In some cases the IT department will feel it has a divine right to exist and to do "techie stuff". Supporting the business comes secondary to ensuring the latest levels of operating systems, servers, workstations etc are researched and deployed at the earliest opportunity. However, very few companies really face this situation even though they may sometimes feel they do.

The more common issue is that Business and IT leaders simply do not find a way to successfully communicate with each other. They are each trying to do the right thing for the business and cannot understand why there is a frequent mismatch of priorities and a fall-down on expected IT deliverables.

This situation is exacerbated if strategies are set at different levels. In many large companies IT will be following (sometimes slavishly) a common corporate direction, passed down from on-high while the regional/local business heads are trying to

implement a strategy much more focused on the detailed issues facing them every day in their local markets.

How can this situation be improved?

IT must be open and articulate

How often do we see a presentation from the CIO or IT Director, usually on tens of Power Point slides, full of three-letter acronyms and technical data, causing the eyes of the audience to glaze over long before any meaningful messages may have been conveyed? I exaggerate to make the point but there is a pressure felt by IT Management to demonstrate that they have superior technical knowledge, given that their business counterparts have an ever-increasing IT ability in today's world. As a result they forget the need to convey their business value over their technical capabilities.

The IT Department must communicate its own strategy in a way that is meaningful to the business.

This is usually best started by capturing the current state. By knowing its current application and technical portfolio, costs and performance IT can prepare the communication tools to project the future path.

Simple techniques (such as Sysmentum's "Rocket Charts", figure 1) can be used to outline the IT systems and the proposed direction by business domain. Major decision points, areas of change and consolidation can all be clearly shown along with key deliverables. The secret is not to major on technology but on business value.
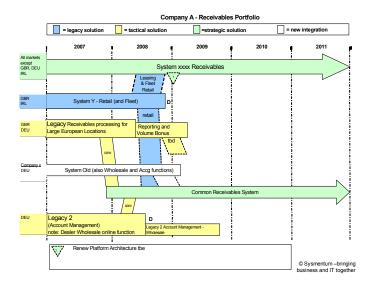

figure 1 – "rocket charts"

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Basic metrics can also be used to indicate IT cost, system performance and availability, value for money and future trends.

Above all, IT must talk in the language of the business it serves and senior IT management must all be fully aware of their business sector and trained in the basics of business administration.

Business Leaders must be open and articulate too

I can remember once convening a group of business heads to ask them what they needed from a new Management Information System. Unanimously they told me that what they needed was "MARS" – a dinosaur of a system they had all grown up with in a previous existence. No matter how much I tried to get them to articulate which particular aspects of "MARS" were of most importance and why, the answer was always the same.

I put this down to several factors. One is just laziness, it's easier to refer to a generic system name than to spend time and effort on thinking through exactly what is needed. But there are two more important reasons. The first of these is that business leaders think IT people always wants to hear a response in IT terms, not in business terms, and so an element of translation starts to creep in away from business language into a pseudo-IT speak and the real message is garbled. Secondly, it is often a very difficult question for managers to determine just what information and processes they actually need to run their business, most times they will not have gotten to that level of detail and the question can be an embarrassing one.

It is therefore just as important that the business leaders communicate clearly. The mission and objectives of the enterprise must be straight forward, easy to understand and translate down into meaningful deliverables and financial targets for each department or domain.

The business domain heads must have a sure view of where they are headed and be prepared to discuss the implications and real needs in business language with their IT partners.

A Process for Checking Alignment

So if we have an open and clear dialogue between business heads and business-savvy IT leaders using business language and not clouded in technical mystique what is to stop us from achieving fully aligned strategies and maximising the return on IT investment?

The answer is that alignment must first be checked and any necessary adjustments made to ensure a smooth common path.

The process to use is straight forward and templates can be followed (such as Sysmentum's "Strategy Refresh Approach", figure 2).
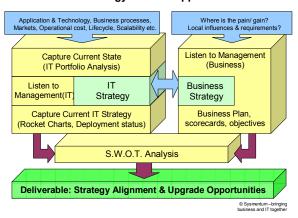
Strategy Refresh Approach

figure 2: Strategy Refresh Approach

The current state of IT deployment should first be captured – the portfolio of applications and technologies with associated costs and performance metrics.

Along with the current state, the IT strategy should be investigated – the cycle plans and targets for IT application and technology development over the business plan period.

The business input must now kick in and the current strategy captured – the mission/objectives, the corporate scorecard and the business plan imperatives.

Armed with this information it is then possible to stimulate an active dialogue with senior management, both in the business and in IT, regarding the level of match-up between the strategies and to test: Where is the pain? Where is the gain? This analysis should also include a look at the external and internal business and technology drivers which will also influence future strategy or at least, the ability to deliver it.

The outcome of this dialogue will enable any weaknesses and gaps in the current strategy to be identified and upgrades proposed to achieve greater alignment of Business and IT direction and to better react jointly to opportunities and threats.

These "Strategy Upgrade Opportunities" can subsequently be incorporated in the business plan process to enable a smoother, joined-up acceleration of key deliverables and financial goals.

Ongoing Governance

Companies will often undertake a special exercise targeted at aligning plans and objectives around a new corporate statement – enshrined in a pyramid, cube or some such icon. While this is admirable, as with the Strategy Alignment process described above, it will not be effective unless there is an ongoing process which ensures total business alignment on a continuing basis.

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It is not just IT resources which are critical to delivery of the business plan and all departments must be pulling in line with the determined corporate priorities. To ensure this is happening a governance process is required and the following model has been seen to operate successfully in this area.

A Governance Board should be established, consisting of senior department heads, including IT of course. The Board needs to be given the authority to make binding decisions on behalf of all departments regarding the relative priority of current and future initiatives and projects. The CEO must be fully supportive and in smaller companies would even be a member.

The Board would oversee the prioritisation process and the allocation of resources, supported by a Program Office preparing the review material. All initiatives would be rated on their contribution to corporate goals and their demand for constrained resources. Once decisions are made they are binding on all parties.

The priorities and the process would be regularly checked back to the corporate scorecard to ensure it is continuing to reflect the dynamic imperatives of the business.

A Successful Outcome

By establishing clear open communication between the business heads and IT, using business language and simple tools, the alignment of strategy and direction can be better understood and constructive dialogue held to establish a common direction.

A deeper dive Strategy Alignment Check, incorporating a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis, will identify Strategy Upgrade Opportunities to build back into the Business Plan.

An ongoing Governance Process, with Board-level authority, controlling the prioritisation of all key resources ensures continuing alignment and provides early warning of potential capability shortfalls which could otherwise have a detrimental effect on business plan delivery.

With these basic processes and a clear and unequivocal commitment from senior executives it is indeed possible to achieve tight alignment of business and IT strategies and deliverables and to ensure IT is as close a partner in achieving the business goals as any other core resource.

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