

Fixing Bad Habits: Ways to Align IT Strategy with C-Level Executives



Art Langer
Sr. Director, Center for Technology, Innovation, and
Community Engagement

Agenda

- Introduction
- The IT Dilemma-- Marginalization
- Key Concept of Strategic participation
----Drivers & Supporters
- Open discussion

Why is IT Alignment so Important?

“ IT represents a broadening dimension of business life that affects everything we do inside an organization.”

Art Langer
IT & Organizational Learning

What dimensions broaden IT from the business view?

- *Acceleration:*
speeds up business transactions — requires rapid responses
- *Dynamic Behavior:*
spontaneous and vibrant
- *Unpredictable Outcomes:*
cannot be certain when, how, or why

The IT Dilemma

- Technology personnel have long been criticized for their inability to function as part of the business.
- The assimilation of technical people into an organization presents a special challenge in the development of true organizational learning practices.
- It is a challenging endeavor to successfully integrate IT personnel into the learning fold, and to do so in such a way that they are not simply accepted but are also understood to be an important part of the social and cultural structure of the business

Is IT Marginalized?

- IT personnel are still frequently stereotyped as “techies” and segregated into areas of the business where they become isolated from the rest of the organization
- This challenge stems from the historical separation of a special group that is seen as standing outside the everyday concerns of the business.
- IT personnel can become marginalized, imagined as being outside the core social structures of business.
- As in any social structure, marginalization can result in the withdrawal of the individual from the community

IT's Role in Business Strategy

While many chief executives recognize the importance of IT in the day-to-day operations of the business, their experience with attempting to utilize IT as a *strategic* business tool has been frustrating. Five core problems emerge:

1. A lack of correspondence between IT investments and business strategy
2. Inadequate payoff from IT investments
3. The perception of too much "technology for technology's sake"
4. Poor relations between IT specialists and users
5. The creation of system designs that fail to incorporate users' preferences and work habits

What do CEOs Think

A study of 40+ CEOs focused on 3 Topics:

1. Chief Executive Perception of the Role of IT
2. Management and Strategic Issues
3. Measuring IT Performance and Activities

What do most IT people think their users want?

- A means of successfully integrating technology into their business processes
- Want it quick and want it to work
- Link technology to strategic performance and competitive advantage
- Lower the cost

How does technology affect the business?

There are essentially two types of generic functions performed by departments in organizations: *Drivers* and *Supporters*

These functions relate to the essential behavior and nature of what a department contributes to the goals of the organization

What are Driver Functions?

- Drivers are defined as those units that engage in front-line or direct revenue generating activities
- Drivers are expected to be more daring and engage in higher-risk oriented operations since they must inevitably generate returns for the business

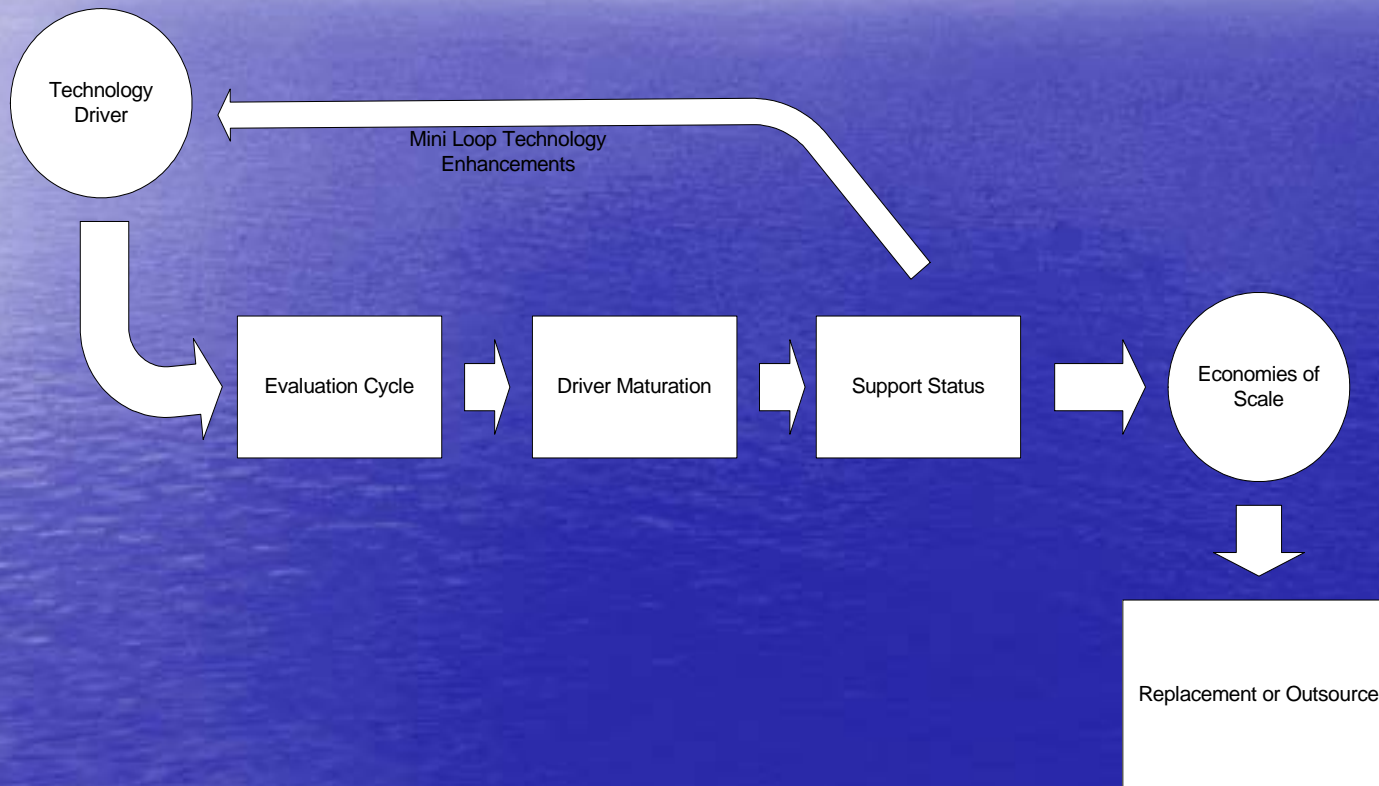
What are Supporter Functions?

- Supporter functions are units that do not generate obvious direct revenues, but rather, are designed to support front-line activities
- Supporter departments, by their very nature, are evaluated on their effectiveness and efficiency or economies of scale

When is IT a Driver or Supporter?

- IT is unique in that it is both a Driver and a Supporter. Most view IT as a Supporter.
- IT Drivers are those activities that can change the relationship with the customer.
- Most initial IT projects should start out as Drivers, and then become Supporters over time.
- IT can drive business strategy and yet support it at the same time!

What is the IT Driver/Supporter Life Cycle?



What is strategy for IT Drivers?

- All Driver functions have higher risks—that is why they are drivers!
- IT strategy must articulate the risks—and the alternatives as the project matures
- Understanding and alignment of changing business needs are crucial
- IT must have allocations of resources that can deal with uncertainty and changes in business needs
- Close involvement and participation with the business
- Costs may be more negotiable because of the dynamic nature of the project

What is strategy for IT Supporters?

- The service is a commodity—view it that way
- Low cost for high value must be delivered
- Understand that the business might have alternative ways to implement the solution — you should also provide these alternatives
- Do not over-discuss the details of delivery
- Daily participation with the business may not be valued
- Costs are less negotiable

How can we put Drivers and Supporters in perspective?

- Business units better understand the articulation of a driver/supporter than they do IT business jargon
- IT needs to know if the project is a driver or a supporter before formulating strategy
- Drivers/supporters are both important, but they are measured differently
- Current supporters can become tomorrow's drivers