

THE ROLE & THE VALUE OF TECHNOLOGY

by Matthew Moran

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The Role & Value of Technology

The CFO and CEO are in a quandary. Charged with ensuring owner or stockholder value, profits, and resource management, they have watched expenditures on technology rise year after year but are having a hard time quantify the return on investment.

If they are like others in their position, they have heard success stories and may have even realized some positive business gains due to key technology purchases and implementations. The problem: such success seems to be random and is not often repeated. Every technology purchase and implementation is viewed as a gamble – one that makes signing off on those projects increasingly nerve-racking.

If this situation is familiar to you, you are not alone.

Widespread Concern

A study, jointly conducted by Computerworld and KPMG and published in 2000, asked CEOs and executive management a variety of questions about technology spending. The answers revealed a deep-seated concern about the failure to connect IT purchases and business effectiveness. Perhaps more telling is the fact that this study was largely conducted during the dot-com boom, before IT's failure to delivery on its promises was largely publicized and understood.

Key findings in this study include:

- 63% of executive management felt a need to be directly involved with IT project strategic direction but admitted that knowledge gaps and language barriers made this difficult, if not impossible.
- 70% of executives had a desire for IT departments to do a better job of linking their departmental and specific job functions to business objectives - citing business model recognition;& language improvements as key.
- 63% of executives feel they are flying blind in IT projects and expenditures. They cite both a lack of

technical understanding on the part of their executive teams and a failure by IT to adequately explain IT projects in de-jargonized business terms.

Is It Getting Better?

The report, one of the first of many similar findings corresponded to the bursting of the dotcom bubble. Countless failed businesses and IT related spin-offs forced executives to take big steps back in pursuing technology innovation. A much more guarded approach became the norm. In many cases, CIOs and other IT managers were relegated to purely operational positions – no longer strategically involved with aligning IT and business function. Unfortunately, this only exacerbates the problem. Companies are working on ways to create both operationally excellent and strategically aligned IT groups. Recognition of the problem has provided limited solutions through awareness but there has been an inability to codify a means of making IT departments and staff better at business alignment.

Real Steps To IT Business Alignment

Whether you are a business executive, IT management, or consultant, the following ideas will help you better align your IT projects with business objectives.

Concept Over Process

Concept Over Process is a project development mindset & methodology. It formalizes the pre-project business analytics necessary to ensure projects are well-defined and meet concrete business objectives.

COP has four key starting premises. However, the first may be the most important:

Concept Over Process: Premise #1

A perfectly designed & implemented project, technology, or process that is based on a flawed

business understanding or concept will produce a perfectly-flawed result..

...and the adverse...

A less-than optimally designed & implemented project, technology, or process that is based on a solid business understanding or concept will produce a solution..

The first is a costly throw-away. The second is a solution that can be further optimized.

Concept Over Process is not project management. Instead it provides pre-project definition and in-project direction. Through better project definition, unplanned project changes – scope creep and feature creep – become far less prevalent. In fact, a later premise of COP identifies the two “creeps” as typically a failure in the project definition phase, not truly a feature or scope change. Most adopted changes are critical to the project and therefore should have been identified prior to project inception.

Concept Over Process has the following objectives:

- Business Focused and Innovative Staff (*Concept Driven/Technology Savvy*)
- More Complete & Value-Driven Projects
- Move IT from “Necessary Expense” to Value-Add (*revenue enhancer*)
- Better Identification of Inter/Intra Departmental Relationships

Implementing Concept Over Process

How does a business implement *Concept Over Process*? The steps necessarily address both business understanding and the role of technology.

Business Immersion

Business Immersion involves placing IT staff and technology professionals into business unit roles. The time necessarily for such immersion is contingent upon project size. Unfortunately, this is often considered too time-consuming. However, the benefits of such immersion is a better understanding of departmental functions & relationships and

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technology's impact. Additionally, and perhaps as importantly, is the development of empathy which results in more proactive feature definition.

Understanding & Identifying The Myth Of Limitations

If you have ever had a project that meets the stated requirements perfectly and yet results in dissatisfaction with the overall impact due to new features or requirements because it causes

optimal, or neither is optimal. In the latter case, workflow must be defined prior to the technology.

Omission – that which does not exist: Omission is best identified where manual processes take data from a workflow or a system and process it separately. It is often the cause and the result of non-integrated technologies and reactive or pet projects.

There are additional steps and clues to help you recognize each of these facets of *Concept Over*

relationship to these roles should be one of the first identified objectives.

Buying Time To Get IT Right – IT Must Automate IT

The well-worn adage, “*There is never time to do it right but there is always time to do it again,*” is directly applicable to Business/IT alignment. Properly adopted *Concept Over Process* takes time.

A key to creating or buying time to properly align IT and business projects is for **IT to automate IT**. It is the first step creating time for your IT staff to become better at the analytic approach identified in *Concept Over Process*. Identify those processes that are performed routinely by IT staff and look for tools & scripts that will make the process less error-prone and easily repeatable.

Getting There From Here

Business & IT alignment is not a far-flung dream. It is achievable and extremely valuable. In fact, a 2004 article in CIO magazine compared spending by organizations that identify IT as a strategic advantage and by those that identify IT as an infrastructure only department.

The study discovered that per-capita IT spending in both organizations was nearly identical. The difference is that those organizations that can tie IT to strategic advantage spend more money on identifying business process, on the front-end of project development, and on automating IT back office procedures.

If you would like your organizations technology to move from necessary expense to strategic business partner, begin by adopting a **Concept Over Process** mindset. Start by looking at tedious and repetitive IT functions that can be automated. Look at projects from a holistic business value position and in regards to their impact on the role of technology in the organization.

About The Author

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discordance with other technologies and projects, you may have experienced the *Myth of Limitations*.

The Myth of Limitations is most often caused by technology departments relegating all analytics and features to the business unit or management. Perhaps an executive manager heard about a particular technology via an article or a peer. They hear of its success and determine that it would benefit their organization. In many cases, IT departments implement such technologies without a thorough understanding of the benefits or without recognizing that it will fail to adequately integrate with existing systems.

Identify Congruency, In-congruency, & Omission

Congruency – that which works: Where workflow and systems follow exactly or closely is an area of congruency. If this is the case and the workflow meets the expectations and needs of the organization, little project work is needed.

In-congruency – that which does not work: Where workflow and systems run in separate directions. In-congruency must be identified and a determination made whether the workflow is optimal, the system is

Process. In doing so, project definitions become more complete. This is perhaps the area where the most feature and scope creep is eliminated.

The Role of Technology

From the perspective of an innovative organization, there are only two roles to technology. Understanding this and viewing projects in this context is valuable in ensuring a value-add focus to projects definitions.

Information:

The storage and retrieval of information for analysis and decision support

Automation:

The automation of the delivery of a product or service

Each of these roles can be further explored. Suffice to say that all technology projects, from infrastructure, to security, to ERP and CRM systems, all feed into these two roles. Of course, the line can blur and projects may impact both roles simultaneously. As projects are defined, the