

# Five Strategies to Align IT with the Business

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There are five important strategies a CIO can use to help align his or her business:

1. **Start with business processes**
2. **Be a diplomat: empower all constituents to seek win-win**
3. **Cultivate business partnership**
4. **Mandate customer participation in IT projects**
5. **Provide thought leadership**

How can a CIO use these strategies in his or her role as a business partner to entice forces in various business and functional units to unite? Not only can the CIO add strategic value to the business in a cross-functional way, but also he or she will find that the problems and challenges commonly associated with large IT projects disappear as if by magic.

## 1. **BEGIN with Business Processes**

IT organizations are traditionally responsible for implementing business systems and rolling out major applications. IT staffers are usually experts at the technology aspect of such projects, like programming. Today, however, technology is more about packaged software solutions. So we find IT doing configurations, customizations, tuning, upgrades, and system management.

Setting the technology aside, all these systems and applications are really tools to help automate business processes. No system or application can help a business process if the process is broken to begin with. As a matter of fact, automating a bad business process can quickly worsen the business; in such cases it is better not to automate it in the first place.

CIO's need to help both IT and the business focus first on business processes. Figure out the current process. Understand the goals and how they want the right process to look like. Do a gap analysis so that we can devise a realistic strategy to migrate the business from its current state to its goals.

Focusing everyone on the business process gives IT the obvious benefit of business insights so that IT can deliver the right systems and applications. But going through the business process exercise yields two other significant results, which are beneficial to the business as a whole:

- a. The business may discover that incremental improvements do not necessarily require an additional investment in technology. Sometimes, even improving certain manual processes can yield immediate and significant gains without a huge capital investment in technology;

- b. Understanding the business process helps the business to understand handoff points and interdependencies. This is the key to fostering meaningful cross-functional collaborative work.

## **2. Be a DIPLOMAT: Empower all Constituents to Seek Win-Win**

The business has to come up with its own solutions to solve its own problems; there is no way around this. What the business needs in business process work are facilitation, methodology, objectivity, encouragement, and common sense. IT can certainly act like a consultant and provide the business with these value-adds. And unlike an outside consultant, IT possesses insights available only to an internal organization, such as an intimate knowledge of the people, organization, culture, and history involved.

Obviously, IT has an ulterior motive in facilitating business process work; a clear and efficient business process is the prerequisite for IT to deliver a successful business system implementation. Adding up these reasons, it does make sense for IT to engage.

There is little doubt that when IT delves deeper into business processes, disconnects within organizations and between organizations will surface. Even in the best-run companies, opportunities for improvement abound.

MY experience is that if we put motivated people in a room and tell them where the disconnects are, 9 times out of 10, they will figure out a workable solution, often a good one. The problem has always been that people assume others know, but they often don't! I am oversimplifying, but that is the essence.

The CIO role is inherently a cross-functional role. We already possess the cross-functional know-how; it requires only minor effort to extend ourselves into a more strategic role as a business partner. To that end, CIO's should learn to become effective diplomats to help various parts of the business become better aligned with one another. An aligned business is always a more profitable business.

How can we learn to become effective diplomats? Religiously practice these five fundamentals:

### **a. Passion**

There is no substitute for a CIO's passion for the industry and the business that he is in. Executives are hired not only for their professional qualifications but also for their experience in a particular industry. Their experience enriches the collective wisdom of the senior management team. But often, CIOs are hired for their professional qualifications alone regardless of their experience in a particular industry. This is not a desirable practice.

If a CIO is only interested in IT, I would question his potential value add to the business. Without developing a passion for the industry and the business that the CIO is in, it will be difficult for the CIO to develop the necessary insights, acumen, and the big

picture mindset in order for him to help the business to achieve its goals. If a CIO's only value is running IT like a utility, then there is little reason to keep that IT organization in house. Many IT outsourcing vendors can probably do better in running IT like a utility through the economy of scale.

IT is about creating a competitive advantage for the business. That starts with a CIO who has passion well beyond IT.

**b. Humility**

IT is not about control, as in the old mainframe days. IT is about empowerment - empowering IT customers to unleash their potential to succeed in whatever they set out to do. The more technically inclined IT customers are, the easier is to empower them. The less time IT spends on technology, the greater the effort IT can devote to the business and the more business value IT can generate.

Hence, as CIOs, not only we should not feel challenged by technically inclined customers; we should try to learn from them. Seek first to understand is the key in creating alignment. We should learn from all of our constituents - IT staffers, executive peers, internal IT customers, our business' customers and partners, vendors, industry peers, analysts, everyone. Understand their goals, vision, concerns, fears, likes, dislikes, and even their own technical solutions, everything that we can possibly learn. We learn from people's successes. At other times, we learn from people's mistakes...and that is extremely valuable too.

CIOs should stop talking and start listening with humility. Only by understanding our constituents, can we have the possibility of becoming a trusted partner. IT overall will become more aligned to the business that way.

**c. Openness**

Most of us would agree that the only constant in IT is change. Some of us may also believe that being a change agent is an important part of a CIO's role.

But sometimes, the actions that IT takes can often lead our constituents to believe that IT is probably the most conservative functional unit in a company. We do three-month-, six-month-long Phase Zero analysis. We do endless discoveries looking for that perfect technology path. We test applications to death. At the end of the day (or after a couple of year's worth of development efforts), what we deliver may turn out not to be what our constituents are looking for after all.

No doubt, CIOs are all very successful and smart people. Over the years, we build up certain beliefs and certain rituals. Things have got to be done in a certain way or else they will fail because we have tried all alternatives. We have our battle scars to prove our point. But my challenge to CIOs is this: if we keep doing what we were doing yesterday, how can we possibly create a competitive advantage for our business when our competitors are moving forward? Is it time to leave our baggage behind?

For example, I start every day as a new day. It is like starting with a blank sheet of paper. Clearing my mind and any prejudice that I may have helps me to make the right decisions. My job is not to come up with solutions. My job is to make the right decision at the right time. The only way to ensure that I can do my job consistently well is to have an open mind in making decisions. Having an open mind allows me to embrace outside-the-box thinking, to take calculated risks, which are often critical to the success of all my constituents.

If a CIO encourages a sense of openness throughout his IT organization, IT staffers will be more inclined to be creative, think outside the box, take risks, and at the end of the day, perform often needed “miracles.”

d. **Clarity**

Clarity is the ability to see the fundamentals, be able to turn complex, muddy issues into simple, clear concepts and solutions. Clarity is a necessary skill of leaders. Successful leaders need clarity in order to direct.

An IT organization, armed with its knowledge and tools, can add great value to the business by providing relevant and timely information so that business leaders can have clarity. IT is previously known as Management Information Systems. Providing clarity and providing information so that others can have clarity is, in fact, IT's root.

We, as CIOs should stay true to our roots. Not only we should provide clarity in every interaction with our constituents, we should inspire all our constituents, especially IT staffers to do the same.

Sometimes IT can be perceived by our customers as providing the exact opposite to clarity. IT always seems to make everything more complex than necessary. It conveys a sense that IT is doing IT for the sake of IT. IT becomes a runaway freight train. This problem is especially prevalent among technology-centric IT organizations. It is a very dangerous problem to have. Whether the CIO is at fault or not, he may quickly lose his credibility.

As both IT and the business become more complex, CIOs should seize the opportunity to be true leaders. Instead of getting entangled in complexities, CIOs should practice simplicity. Simplicity is the best antidote to complexities. Ask simple, insightful questions to seek practical solutions. Consider everything at its most basic fundamentals. Very soon the CIO would become a leader of clarity revered for his uncommon wisdom.

e. **Agility**

Agility can be thought as the result of applying passion, humility, openness, and clarity. Passion gives us insight to the business that we support. Humility encourages us to listen to and understand all our constituents. Openness enables us to embrace new ideas and to make the right decisions. Clarity allows us to be wise and be able to direct proper actions. These four fundamentals, if combined and used, should almost always produce

a competitive advantage in the form of an increased speed for the business such as quicker time to market, increased inventory turns. This should not come as a surprise. IT can supposedly make a business more agile.

I want to make one clarification. Some may say that technology can make a business more agile. I think it is misleading. Technology by itself can never make a business more agile. The right IT people applying the right technology at the right time can make a business more agile.

In today's hyper competitive but cost conscious environment, not only agility is a much sought-after virtue, it could mean the difference between success and failure for the business that we support.

These five fundamentals, if internalized by IT staffers, can dramatically transform a technology-centric IT organization into a business-focused one, almost effortlessly. They give a better "read" of their constituents. Once they have the insight into everyone involved, becoming a great diplomat is not difficult. All they need to do is to "herd" their constituents towards common goals. Common goals create alignment. Alignment sparks win-win opportunities.

### **3. Cultivate Business Partnership**

If IT is to become a business partner, CIO's need to actively cultivate business partnerships internally. CIO's know how to cultivate strong partnerships with vendors and suppliers. Then why does it always seem difficult for them to have the same kinds of relationships internally?

A partnership is a symbiotic relationship; a successful and sustainable business partnership requires all partners to benefit. If one partner loses, the partnership will not last long. With vendors and suppliers, CIO's typically put effort into building and maintaining the relationship, including clearly understood benefits to all partners, and they do the same in return. Each partner has incentive to maintain the partnership, and partners typically know what incentives are needed to keep the partnership strong.

Cultivating similar business partnerships internally encourages us to strive to ensure the success of our partners, because they benefit in return from the continuation of the partnership. Applying this mentality to day-to-day cross-functional collaborative work is very powerful, encouraging everyone to ask both "What's in it for me" and "What's in it for him?" Understanding everyone's what's-in-its solidifies relationships and generates the oomph behind whatever the partnership has set out to accomplish, say a major IT enhancement project involving IT a few other business and functional units. Interactions within a partnership build stronger relationship among partners, paving the way for future partnerships and successes.

### **4. MANDATE Customer Participation in IT Projects**

Generally, IT projects have an unusually low success rate when compared to non-IT projects within an enterprise. IT projects fail for many reasons, but seldom for purely technical ones.

Most often, failure is ultimately a result of people, process, and organizational issues. In post-mortem analysis, undoubtedly, we hear reasons like the business had unreasonable requirements, the project scope crept, the timeline was too compressed, and IT wasn't given enough money and resources, and so forth.

So how can a CIO improve the odds? It is actually deceptively simple: hold the business accountable for IT projects!

One root cause for the high failure rate of IT projects is that there are too many unnecessary IT projects—those with dubious benefits, unclear business ownership, and questionable business commitment. A large percentage of all IT projects are unnecessary, and unnecessary IT projects are doomed to fail.

A CIO can significantly reduce the number of unnecessary IT projects by encouraging the business to work on business processes, playing diplomat to align conflicting business and functional units and their requirements, and being a trusted business partner - the three “uniting the forces” strategies that was discussed earlier.

The remaining IT projects, by definition, are necessary, must-do projects that the business can agree on and see a compelling value in executing. The CIO still has to ensure proper prioritization and implementation of these projects.

One strategy that I have employed very successfully in weeding out unnecessary IT projects is to mandate customer participation. Participation is not simply that the business sponsor receives weekly updates from IT, but rather that the business and IT are working together on the project, at all levels and across all functions, from the business sponsor to users, from project financials to project management.

If an IT project is truly necessary—must-do—obtaining that level of business commitment is easy. The business wants IT to succeed because the business has a vested interest; IT and the business are in the same boat. In such a situation, everyone is motivated to make the project successful in order to reap benefits from it.

Another mechanism that we have employed very effectively to ensure that all IT investments are properly linked to business goals and attainable ROI's is our funding and approval process for capital expenditure. Use a “business-funded” model to encourage responsible IT investments (and for that matter, all capital investments). The burden of justifying capital spending falls on the beneficiary business/functional VP. All capital funding requests, both IT and non-IT related, go to a Capital Approval Board, which consists of three members: the CFO, the Corporate Controller, and CIO. Funding approval requires the consensus of all three members.

## **5. Provide Thought Leadership**

Providing the right thought leadership is important because it can compel people to think. Thought leadership also has the potential to change people's behavior and organizational structure in a fundamental way. Such thoughts would tend to be simple, so that a large population can easily identify with them.

