



CLAUDIA IMHOFF

Getting IT's Ducks in a Row

WHAT IT MUST DO TO EFFECTIVELY SUPPORT ALL DEPARTMENTS — IT'S NOT WHAT YOU THINK

I was fortunate to participate in a recent DAMA Day for the New York chapter, which featured the topic of aligning IT with the business. It got me thinking about departments other than IT and their frequent ability to align with business strategies and goals. Why is it that other corporate departments are able to communicate so easily and operate with a clear understanding of the corporation's strategy and objectives while IT often has a very difficult time finding its footing and aligning its efforts with the business strategic directions?

Sales, marketing, accounting, finance and other departments in well-run organizations seem to know what is needed from them. They have:

- *A common language that is understood by all employees.* Fundamentally, each department knows their business and generally how it contributes to the overall success of the corporation.
- *Executive support and understanding.* Departmental executives are interested and involved, and give their guidance constantly and willingly. In thriving and profitable organizations, these executives communicate with each other continuously, giving feedback on initiatives, processes and strategic goals.
- *Understandable metrics by which to judge their accomplishments.* The business has a plethora of key performance indicators either mandated by law or developed internally to help them understand what is happening throughout the business.
- *Well-documented processes and procedures for performing their functions.* Order entry clerks know how to enter an order, marketers know how to run a campaign and customer service representatives know how to handle calls.
- *Well-understood roles and responsibilities,* and clear mission statements.

IT, on the other hand, seems to have trouble communicating with anyone outside of their own technological bubble. Many times, we hear businesspeople say that technology is a mystery to them. They instruct employees to talk to the IT folks about these matters that they don't understand. This behavior is even found at the corporate executive level among the CEOs, CFOs and COOs. All declare that they do not understand IT, have little or no interest in it, and assume that the CIO will figure out what is needed.

In IT, we struggle just to come up with an ROI calculation for a project — and even that seems to change with each new project. There are no clear or standard metrics to judge the value or success of our projects, either to ourselves or to the business in general. We strive to get standard methodologies in place but then we do end-runs or use non-standard data formats, definitions or calculations to suit the requirements of the individual or group whose application we are implementing.

Even our roles and responsibilities seem to be in a state of confusion. Is the modeler responsible for the physical model or is that the DBA's call? Who is responsible for data quality, integration and auditability? How do we organize the department to best support the applications, databases, networks and other infrastructure?

Perhaps this is because IT is a fundamentally different kind of department. Whereas sales, marketing and accounting are all relatively self-sufficient and generally serve only their particular functions, IT is a support function for all departments. It must strive to maintain economies of scale through enterprise initiatives while satisfying the individual needs of each department. In other words, it must run itself efficiently

while producing systems and environments that improve the effectiveness of the business as a whole. Unfortunately, for several reasons and most of the time, IT chooses to focus more on its efficiencies rather than on how it can advance the business.

What must IT do to get itself on a similar footing as its counterparts in the business? John Ladley of KI Solutions said it best at the DAMA seminar, "First and foremost, IT must align itself with the business." This alignment means serving the business first, technology second. Today, most IT shops tend to be vertical in their focus, creating a silo of data and applications for a particular procedure (e.g., order entry, billing and inventory management). The implementers pay little attention to how the application may align with the overall business, business strategy or other processes and applications. For IT to enable the unified organizational strategy, its job should be much more customer-focused on data users throughout the business than on exactly how, technologically, the data is managed. What should IT do?

Let's start with basics such as executive support. In today's world, there is no excuse for other executives to claim they don't understand IT. Nor is there any excuse for IT to continue to allow its users to be in the dark. The basics of technology and technological applications are straightforward and can be explained easily. It is the IT executive's job to translate techno-speak into language easily understood by fellow businesspeople. I don't expect a CEO to give a class in relational theory; I do expect him or her to understand why a database is needed!

On the other hand, corporate executives should contribute to and support the IT decisions as much as they support decisions about a new campaign,

changes to or creation of new products, retention plans for a segment of customers or managing a supplier. These include technological choices, applications to be built or bought and efforts to standardize data. This involvement is mandatory to ensure that IT decisions do indeed serve the business first.

That leads to the next topic – clear and obvious alignment with business strategies/goals/objectives. The CIO or IT executive must be a contributing member of the corporate strategy team. These corporate leaders are beginning to create new ways to communicate as they learn to associate technology projects with business initiatives. The first step, according to Ladley, is to write a business case stating up front how the proposed project or technology will serve the business. As the projects are designed, completed and rolled into production, CIOs must ensure that they maintain the alignment with the business strategies and goals by performing their own analyses of this relationship. Fortunately, concepts such as business performance management, business activity management and balanced scorecards are all gaining ground as mechanisms that ensure IT-business alignment.


In keeping with the alignment to business strategies, the set of metrics by which IT is judged as a success or failure is not just measuring technical capacity or performance, but rather how the project or implementation has actually improved the business. The busi-

ness case must focus on the metrics and incentives that the project will produce that make it easier and more efficient for the business process. Unfortunately, most metrics are based on some form of cost cutting (e.g., reducing calls to the help desk) rather than on measurable improvements to a business process. Who do you think is the more successful IT executive: the one who has cut his budget the most or the one who improved business processes the most? Which is a better metric of success: technical capacity improvements or business capacity improvements?

Next on the list is a long-term plan or architecture linked to the corporate strategies. My favorite is the Corporate Information Factory. (See DMReview.com for articles explaining the components of this architecture.) The CIF acts as the road map (to-be environment) for critical IT initiatives such as customer relationship management (CRM), business intelligence (BI) and business activity monitoring (BAM). It allows for the creation of vertical “silos” to be implemented for specific areas such as HR, finance and sales, yet ensures integration across the enterprise by using horizontal mechanisms such as a common data model, meta data and interoperable technology.

Finally, while all of these suggestions are good, if the CIO or IT executive cannot develop a unified and motivated workforce, then all bets are off. This motivation comes from sever-

al factors, but one that seems universal is to develop clear roles, responsibilities, expectations and channels of command. This may require retraining or retooling of IT personnel and perhaps even some new hires who think differently.

Transforming the IT culture to one that is more focused on the business and its strategies takes time and effort, but continuing the disorganization or lack of participation in the business by IT personnel is unacceptable. Over time, the department will see a healthy work environment develop and a new IT-business culture and alignment emerge. Getting started in something so ambitious is always the most difficult step. According to Ladley, you must always create a business case, written by business users and sponsors, for any IT initiative. Included in this business case must be answers to the questions: What are the benefits to the business? Who in the business has approved the project? The business case gives you justification and buy-in throughout the life of the project. Finally, it gives the corporation accountability, not just IT, and ensures alignment. Ladley advises IT personnel to always remember to focus on the business case over IT efficiency. 

Claudia Imhoff, Ph.D., is the president and founder of Intelligent Solutions (www.intelsols.com), a leading consultancy on CRM and business intelligence technologies and strategies. She may be reached at cimhoff@intelsols.com.