Enterprise Strategy

STRATEGIES FOR SUCCESS

FIVE CRITICAL TIPS FOR KEEPING YOUR IT PLANS MOVING FORWARD

By Alison Diana

When Ross Holman walked into a new job as CIO for Southwest Airlines, he found more than 150 software-development ventures in various stages of progress — or inertia. Holman knew that to get moving on those projects most critical to his new company, he needed to take immediate action to prioritize the chaotic slate. He also immediately pared down the money and hours being spent on them.

"I was asked to come in because the software-development arena had lost its credibility," recalls Holman, who is now vice president of software development for HyPerformix, Austin, TX. "When that happens, you're not aligned with the business." And an IT department that finds itself out of step with the rest of the organization also, inevitably, finds it difficult to get new projects started.

As smart CIOs know, there are specific tactics to help remove whatever barriers are preventing the implementation of important IT projects in your organization. We've uncovered five strategies to keep those crucial projects moving forward.

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1. Ask questions.

Holman took an unusual first step to get his IT department back on track. Instead of reflexively cutting and slashing to get costs under control, he decided to ask and listen. He spent the first several weeks at his new job conversing with each of the company's business unit leaders. The CIO focused mainly on one question: What are the five things that keep you up at night?

Some executives' responses, not surprisingly, focused on technology. But others took a more business-oriented tack, such as improving customer service or reducing time-to-market. Armed with this information, Holman returned to his software development team to review and investigate which technology could help improve processes and reduce business unit leaders' nightmares, he says. The process enabled him to produce reliable marching orders.

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2. Set clear and realistic goals.

Tom Scott faced a daunting challenge when his company, Virginia Beach, VA-based Direct Holdings Worldwide (the parent company of catalog and online retailer Lillian Vernon), acquired Time Life's direct music and video business. Scott, executive vice president of operations and CIO, had to integrate not only the disparate technologies of the two firms, but its data, call and distribution centers as well.

To make it even more challenging, top management determined the two companies' operations must be integrated as soon as possible. For Scott and his team, planning was the key.

They spent hours meeting with department heads, determining each unit's needs, reviewing processes and researching ways in which technology could streamline operations, improve distribution and cut costs. Scott and his team then came up with a realistic schedule of receivables, deciding that they could deliver the desired integration in less than two months. And they did, creating

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Tom Scott, executive vice president of operations and CIO of VA-based Direct Holdings Worldwide.

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achievable goals each step of the way that contributed to the project's success.

"It always starts with setting a good goal," Scott says.

Just what makes a goal realistic? As Scott learned, talking to managers clarifies what's possible. CIO Bob Mitchell used a similar strategy when his company, government integrator GTSI in Chantilly, VA, decided to replace its nine-year-old ERP system with a new PeopleSoft solution. "A lot of CEOs have been burned with millions of ERP dollars down the toilet," Mitchell says. "Having worked on the business side, I understood the business and its markets. I knew each of the vice presidents and understood what they needed from the new ERP system."

To ensure a successful transition, Mitchell used his strong working relationships with business managers to calm the potentially turbulent waters. He worked with department managers to outline and then achieve each of these objectives: prompt implementation of the system, reduce downtime and inconvenience, speedy training and applications customized to each department's specific needs.

3. Review your budget with other executives.

Typically, about 85 percent of an IT department's budget is spent merely maintaining or improving existing processes, says HyPerformix's Holman. Most C-level executives are unaware of this, believing more money is being spent on new solutions to current business problems. In the end, however, many top-level managers want their CIOs to spend more on technology as a competitive advantage, and less on merely keeping the lights on, Holman says.

"When I describe the situation to them, they're usually extremely surprised that we're not at 60 percent new, 40 percent old," he says. Once they learn the truth, Holman adds, the executives are willing to take suggestions about how to devote more money to new technologies.

In fact, Holman spends a lot of time initially reviewing where each dollar and hour of his IT staff's budget goes and determining, with the input of business managers, how this can be changed. "Every one of a CIO's peer vice presidents and their bosses are the CIO's boss," he says.

4. Pitch department heads first, then move up the line.

CIOs should not necessarily feel the need to sell technology to the top brass first. "Generally, top-level executives don't want to know about the underlying technology," says Lars Linden, vice president of corporate strategy at GlassHouse Technologies, a Framingham, Mass.-based storage consulting and services firm. "The infrastructure team has been in the back room. The applications team has been in another part of the building. You've got to get these people talking about the business, its needs and the technological tools IT can use to meet these needs."

CIOs should encourage managers to dominate the conversation; they will provide the business, not the technological rationale, for decisions to buy.

"[Legacy CIOs] think it is their role to come up with a project and convince the company to do it," says Mitchell. "I see the CIO as a facilitator. [An IT project is] a business-wide decision that every business person needs to be involved in. All the vice presidents and I go in front of the CEO with a unified message. Some CEOs want to be more involved in the details, some want fewer details. As a CIO, everything I do is for the business. I'm only here because the business needs automation."

> "I see the CIO as a facilitator. [An IT project is] a business-wide decision that every business person needs to be involved in," says Bob Mitchell, CIO, GTSI, Chantilly, VA.

Holman follows a similar path. After meeting individually or with small groups of business unit executives, Holman partners with his internal customers to move up the corporate chain of command. "In most organizations there is some type of overall management group or leadership group that meets periodically," he says. "That's where I would start [selling a new technology.] After there's buy-in, it goes to the CEO, CFO or COO. The best thing that can happen is that 70 percent of the conversation is driven by [users], not the CIO."

And when users, middle managers and department heads advocate for your project, its successful implementation becomes more likely—and could even win you backing for other projects. "If you can get the trust and confidence of your CEO, it not only serves to help get projects approved, but it opens up doors in other ways," Direct Holdings' Scott says.

To further help integrate IT into a business' overall focus, some organizations are establishing relationship managers, governance and prioritization procedures, says Laurie Orlov, vice president and research director at Cambridge, Mass.-based Forrester Research Inc.

5. Sell the business benefits, not the technology.

Your business card may say CIO, but to your boss, you also are a vendor. "IT people need to be salespeople in order to sell their ideas," Linden says. "[They] need to have an understanding of how the business they're selling to operates."

In addition, CIOs need to know how to make their departments operate for the benefit of the business. "Our CEO shifted IT's role from focusing on infrastructure to [focusing on] a competitive advantage," says Mitchell. "I took IT from being a siloed repository function into an integrated, business-oriented unit."

CIOs should not be afraid to underscore successful initiatives, emphasizing their business skills even more than their technology prowess, says Bill Kirwin, research vice president at Gartner Inc., Stamford, Conn. "The IT executive of the future is likely to be the one who makes sure the business channel they're serving sees them as the preferred provider," he explains. "Technology skills are not as important as schmoozing skills. The technical aspects can be handled in middle management."

As it turned out, within 18 months of taking on his CIO role, Holman's IT department halved the number of ongoing software-development projects at Southwest Airlines and the department began developing larger initiatives serving more users. Holman was able to accomplish this radical shift largely because he understood the business.

"A good CIO needs to be 60 percent business and 40 percent technology," Holman says. "Being able to speak in business terms is paramount. I probably made only a handful of technical decisions as CIO—but, more important, I provided direction." ■