

World-Class IT: An IT Prairie Home Companion

Clients often ask me how their IT performance compares to world-class organizations. The term “world-class” is a bit loaded since it can’t be measured objectively, but it can be defined subjectively and used as a standard against which firms can measure performance.

When assessing IT performance, many factors must be taken into account. To get the full picture, I ask the following questions:

- Is information technology central to the business? For some industries, such as financial services, technology is at the heart of business operations; for others, weaving IT into the business requires more effort.
- Are business leaders progressive in using technology? Some leaders eagerly embrace technology and invest more in technological systems.

- Can the organization recruit top IT staff? Favorable scenarios include proximity to a university or a technology hub.

While these factors often lead to IT excellence, some companies without these advantages still manage to operate at a world-class level. One client, a US\$3-billion-a-year leader in the consumer packaged goods (CPG)

industry, provides an interesting example.

Relative to other industries, CPG is in the bottom third of technology investment, and this company is low even within this lower third. The company’s executives approach IT conservatively, insisting on a ROI for all significant expenditures. Its rural location limits the IT talent it can attract, further inhibiting the company from having a natural technological bent.

Nevertheless, IT leaders at the company have pursued a conscious strategy of turning each of these potential weaknesses into strengths.

Limited funds for technology means IT must be highly disciplined in its spending. To ensure that each investment has maximum impact, IT has developed a tight relationship with its business partners. This collaboration means allocating IT spending to areas of the highest strategic priority companywide.

IT staff gets to know each segment of the busi-

ness. They ride with the trucks hauling products to retailers and spend time with HR and other business units. IT can then tailor systems that best serve each business function.

The company sells perishable goods, so late shipments immediately impact revenues. Efficient supply chain management and systems that flawlessly track products from development to sales are critical. Because backup systems are vital, disaster recovery gets high priority.

Limited budgets underscore the need to be careful with investments. If an investment is losing revenue it is canceled quickly so the dollars can be redirected toward higher value investments. This requires a project and portfolio management process that tracks investments from idea to implementation, with regular

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“gates” to assess project performance relative to expected time, budget, and scope.

Finally, due to the challenge of recruiting in rural areas, the company provides incentives for the most talented employees to stay. It determines which skills are needed and can be developed, and which are best outsourced. It also establishes relationships with local universities to identify and recruit talented students early on through intern programs.

Through realistic assessments of strengths and weaknesses and a disciplined approach to ensure that weaknesses and risks are mitigated, it is possible for almost any IT department to accomplish extraordinary things on behalf of its business and truly be world-class. ■

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