

It's Time to Change Your Investment Culture

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Success in exploiting technology is rooted in a company's investment culture. The more mature this culture, the more value everyone will see from investing in change and IT. The opposite is also true. Executives that are unhappy, or unsure, about the value coming from the changes they are investing in need some cultural leadership. As the old IT strategy evolves into the corporate strategy for investing in change, up steps the CIO.

In response to longstanding concerns about the costs and value of IT, IT service delivery has matured. Supply-side IT culture is now much more mature than that of many of its customers. Ongoing innovations and improvements in the design and delivery of IT tools are often unmatched by the exploitation of those tools once delivered. As an illustration, Gartner recently noted about business intelligence technology: "after years of investment and implementation...no more than 20 percent of business users actually use BI proactively". In such instances, the delivery of IT has not been integral to a successful investment in business change.

Now it's time for CIOs and their executive colleagues to switch focus, from culture change in IT to the investment culture of the business as a whole. For companies that succeed at integrating IT with all business investment decisions, the benefits will extend beyond better IT decision-making.

Culturally, many companies still misunderstand deeply the linkages between spending money on IT and creating value by investing in change. Such misunderstandings reach all the way to the top. As the Financial Times astutely observed back in 2005, "Boards have clamped down on IT spending because of dissatisfaction about the results, as investments fail to deliver on their promise".

Now, as boards face up to today's economic challenges, there's every indication they are doing the same again. Yet the business changes that mean investments deliver on their promise happen outside of IT, and a clampdown on IT spending does not make those changes any more likely to happen.

Changing the Business Culture

A company's culture is powerful, deep-rooted and potentially ruthless. For those who challenge an incumbent culture, the battle scars are many, but the outcome can be worth it. There may be nothing more rewarding for a corporate strategist than seeing people release themselves from cultural constraints and achieve more of their true potential both as individuals and as a business.

Most CIOs have already taken one or more IT Departments through a culture change. They are equipped better than many for leading culture change in the wider company, but need to be aware of some differences. Culture change in IT has typically focused on service delivery and business operations, whereas the CIO's role is evolving into investment management and corporate strategy. It is also very different to lead culture change in your own department, and with like-minded external suppliers, than it is collaborating in an interdependent network of culture changes across the business as a whole.

It is essential that a CIO, leading a strategy about investing in change, co-ordinates her tactics with other executives. There's a high risk of unplanned conflict between them, and if it erupts, they will end up battling each other while the corporate culture watches, metaphorically, from the sidelines. Also, the executive-level culture may need to change first, and collaboration is one of the CIO's options for achieving this.

Thankfully, the CIO's strategy only needs to work on some dimensions of the corporate investment culture, not change the entire culture. So the CIO's first step is to pinpoint the specific cultural dimensions that the strategy needs to change or preserve. For example, what is the predominant focus of the company's innovations? What drives the current strategy for investing in change? How are investment initiatives targeted? How prominently does the exploitation of changes figure in the culture? I use a one-page diagnosis exercise with ten such questions and four possible answers to each one. After no more than an hour, we have a view of the investment culture that can be verified and then used to set tactics.

Where Companies Need Fixing

Having worked this through with many organizations, some patterns are apparent. It's common for a company to consider carefully the value of an investment (whether in IT or something else) at the beginning of the process, in a business case, then let the focus slip thereafter. Even companies with benefits realization in place at the end of the investment process often lose focus on value between investment approval and implementation. By the time changes are delivered, there's no guarantee that the original benefits can still be achieved, or even that the change is still worth making.

Another striking feature of many companies' cultures is the assumption, evident both in the investment portfolio and individual initiatives, that every change will deliver the value in its proposal. Yet a proportion of investments are bound to fail. This can be because assumptions in the proposal turn out to be flawed, the business context has changed, or it becomes clear that the company will not know how to exploit the changes once they have been made. In some companies, it can be taboo for a project

manager to report that a change is not going to deliver its expected value after all, and recommend stopping the investment.

At the moment it seems rare to find a company where the exploitation of change is center-stage. It is a support act at best, with the main focus on making changes happen on time, to scope and within budget. While many companies have benefits realization as the final stage in their investment process, especially when IT's involved, few have made the exploitation of change a systemic part of managing business-as-usual. Only when they do will they see the true value of the investments they are making, whether these involve IT or not.

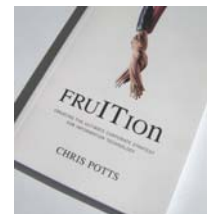
The next level contribution of the CIO beckons. Having changed the culture in IT it's now time to develop the corporate culture to fully exploit the technology, and everything else, that the company invests in. It won't be easy. The existing culture will drive you to behave in a way that preserves the status quo, or even take you down. But with the right strategy you can change it for the better. And then you will be ready to move on and do it all again. Or something even more rewarding.



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