

Strategy Clinic

Question

One can't get away from talk of there being a slowdown, downturn, or even recession this year. As a senior IT manager in financial services, what should I emphasize about how IT can support the business through this period? I'm used to saying: "technology is increasingly the business in our sector", but I am also wary of what might seem to be the arrogance of that. How should IT temper its "case" in difficult these economic circumstances?

Dominic Barrow's Answer

The financial constraints that come with a gloomy economic climate provide everyone with new levers for making the best strategic decisions about IT. Strategies need constraints. While a strategy sets the ambition and context for decisions, constraints force us to make them.

Rather than make a 'case' for IT, the most supportive role you can offer is to guide everyone through informed decisions about their IT costs, given the constraints they're working within and the company's commitments to IT suppliers.

Make sure they are looking at the total costs of IT to the company's Profit & Loss, and Cash – not just the IT department budget. It's rare that the IT departmental budget is the same as the company's total costs of IT. Sometimes the total costs of IT are going up while the IT department budget is going down, and vice-versa.

Focus everyone on what's causing IT costs, not what they pay for. Your non-IT colleagues will struggle to make meaningful decisions if IT costs are broken down into expenses categories, such as staff costs and external licences, or by category of technology like infrastructure and applications. Instead, explain the business decisions and activities that cause IT costs in the first place. Highlight the options for keeping costs at a level people can afford, while create maximum value by fully exploiting the capabilities these costs deliver.

If your colleagues have not experienced this approach before, they may discover some uncomfortable messages. In particular, because their bottom-line costs of IT were caused by projects that were completed in past years – in many cases ages ago - the best time to have been constraining those costs was then, not now. So be very careful to manage the political and cultural implications of your tactics. They, more than anything, will be the keys to success.