

# The Business Case for IT Strategy



Is there one? What is it?

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*Just like everything else in IT, questions about the real business value of an IT strategy are forcing a fundamental rethink. Why do we need one? What problem does it solve? By meeting these challenges head on, and putting aside any preconceptions about the scope of IT strategy, companies are discovering what 'real' IT strategy is all about and moving it up the value chain.*

## Where's the Fire?

Now here's something that might surprise you. As a professional IT strategist, I work with number of clients who have decided that they don't want an IT Strategy. Am I uncomfortable with their decision? Far from it. I know exactly why they have made it and how this fits with their corporate and business strategies. I'm proud to say that sometimes it was my suggestion in the first place.

This doesn't mean that they have abandoned the idea that they need to have a strategy for the way they invest in and exploit IT. It's just that they have decided that having a formalised, documented IT Strategy (with a capital S), distinct from their other strategies, is not the right solution to their strategic IT challenges.

In other words, a key tactic of their 'IT strategy' is not to have one. Whatever their IT 'fire' happens to be, they've decided that an IT Strategy is not the best way to put it out, and may even fan the flames.

## A Scenario: The End of IT Strategy

In keeping with the much-publicised concerns about the value of IT itself, major questions are being asked about the value of IT strategy. Executives are wondering - as they should - whether the payback is worth their investment in first developing the strategy and then implementing it.

With this in mind, a scenario planner reading the IT media over the past year or so would have noted some interesting signals. For example, Computer Weekly no longer has a 'Strategy' section. Information Age, in response to the Harvard Business School paper "IT Doesn't Matter", asked whether IT strategy is dead. On a similar note, MIS explored the possible demise of the chief IT strategist, the IT director. This theme was echoed in a recent NCC conference, in which one conclusion was that all the juicy bits of the role may end up being shared out amongst other executives, so eliminating the need for an executive-level CIO or IT Director.

Those of you who have attended my seminars over the past few years will recognise the principle underlying this conclusion: IT is not one discipline, but a number of them grouped together around a common theme (IT). Since many of these disciplines also occur in other parts of the company, executives may well decide that their strategy for managing and exploiting IT would best be achieved by integrating these IT-themed disciplines with similar ones in other business areas.

Do these signals mean the end of IT strategy? Well, it's a possible scenario, if executives cannot see the added value of having one. It may equally indicate the end of 'traditional' IT strategies, and the emergence of new ones.

My experience of working with clients who have decided not to have an "IT Strategy", as well as those who have one, is that there is still a real business case for a cohesive, company wide strategy towards IT. I've yet to find a company that is entirely satisfied that they are exploiting IT to its full potential, that knows they are maximising value-for-money. In many executives mind this is the IT 'fire' and provided that this is what the IT strategy focuses on and solves, the basic business case is still there.

## Challenging Preconceptions

A strategy for improving a company's exploitation of IT is very different from traditional IT strategies. As a result, to develop and then implement a successful IT exploitation strategy means putting some long-held preconceptions to one side.

The most basic preconception that we need to shelve is that IT strategy is, in fact, about IT. It's widely recognised that the technology itself is not the reason why companies struggle to exploit IT. Yet many IT strategies are, in one form or another, technology roadmaps. Cut the technology out of the strategy. It's neither the problem nor the solution.

So now our IT strategy can't talk about technology, what can it talk about? Well, whether or not a company decides to have an IT Strategy, they are dealing with the same strategic IT themes as everyone else: maximising value-for-money from their ongoing operations and their investment projects; accountability for creating value from IT; integrating IT expertise into business strategy, planning and operations; IT management structures and processes; getting good service from internal and external suppliers; seeing the opportunities and risks in a turbulent IT market; sourcing.

These are the things our strategy needs to talk about, and highlight where the opportunities are to make a real difference given the company's corporate and business strategies. The good news is that they are all non-technical themes. Unlike technology roadmaps, non-IT executives will be able to understand, own and implement their IT exploitation strategy on their own familiar terms.

The second basic preconception we must challenge is that it takes weeks or months to develop a robust strategy for exploiting IT. How about five days?

## Did You Just Say Five Days?

Yes, I did. It could be even quicker, but we need to make time for a one-to-one discussion with each senior executive, each of which deserves careful preparation and a debrief to take on board their feedback. These discussions are quite short - maybe an hour or so - but scheduling can be really tricky.

Usually, at the end of five days - or thereabouts - the executives have an overall strategy for IT that they understand and are happy with. Everyone can move on to implementation.

The reason why this process can work so quickly is that there are some very common reasons why companies and their executives are not seeing the value of their IT investments. Equally, there are some common tactics that they can use to resolve these problems.

The main thrust of the strategy development process is to understand which of these common issues the company is particularly facing, plus any unique ones, and how to make resolving them an integral part of their corporate and business strategies.

## Moving On Up

The ultimate effect of cutting technology out of the IT strategy, of focusing it on exploitation and value-for-money and of developing it quickly in collaboration with senior business executives is to move it up the value chain.

The strategy will concentrate on what the company does with IT to create value for customers and shareholders, instead of the underlying technology. It will integrate IT spending and exploitation into the business strategies and operating plans, making transparent the links between spending money on IT and creating real business value. Everyone can then exploit these links to the full.

In some cases, an open debate about the company's exploitation of IT helps to highlight where problems with IT are, in fact, symptoms of deeper strategic issues within the company.

If any of these deeper issues emerge - and my experience is that they frequently do - the CIO and IT team may, or may not, be asked to help sort them out. Much depends on their perceived or actual agenda, and their personal competencies. But unless they are resolved then maximising the value of IT is always going to be difficult, and the IT team will struggle to demonstrate their true worth.

## You Don't Have to Mention the S Word

Going back to my clients whose IT strategy is not to have one, when is a strategy not a Strategy?

When it's something else - for example: a discussion paper, a summary of key principles and tactics, a simple card with some core messages, or some policy statements and tactics woven into the corporate strategy.

I have clients who have used all these tactics, and others, to overcome the preconceptions they might otherwise invoke by having an IT Strategy, while making sure they do, in practice, have one. Equally, others choose to mention the S word and have an IT Strategy, albeit very different from ones that many people have seen before.

Each of them has made this decision by understanding the business case for investing in a strategy for IT. They know the value that the strategy must bring, how to minimise the cost of delivering that value and how to make their strategy for exploiting IT an integral part of their corporate and business strategies.

And by deciding upon the most valuable and efficient way of developing and articulating their strategy, they are implementing it from the very outset.

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