

Preparing for Economic Recovery: The Value of Business and IT Alignment

Will Your IT Projects Deliver the Impact You Need?

Although the economy and marketplace continue to throw us curveballs, most economists agree the recovery has started. With a positive outlook ahead, most organizations are now turning to growth strategies fueled by technology. Indeed, IT teams in most organizations have the opportunity to deliver the productivity improvements and innovation required to stimulate growth.

The ability of the business to effectively communicate its needs to IT directly influences successful project outcomes. Unfortunately, a productive dialog between business and IT is often not the case. In reality, many IT projects are delivered surprisingly out of alignment with business expectations resulting in million-dollar projects considered as failures. It is not uncommon for a company to end up feeling behind in technology even though they outspend their competition.

A majority of executives in our survey acknowledge that the lack of alignment between business and IT is costly. They report that best practices to improve communication increase ITs' ability to respond more effectively to changing market demands and deliver the required results.

Key Survey Findings

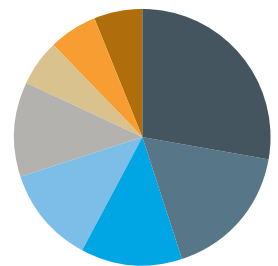
- Over half of the survey respondents indicate signs of recovery in their particular industries with less than 25% seeing no signs.
- Healthcare, retail/wholesale, and education are the industries most cited for recovery with pharmaceutical and utilities seeing the fewest signs.
- Over three quarters of respondents are working on recovery plans with their business counterparts.
- Driving growth with fewer resources is cited as the biggest challenge in the implementation of recovery strategies.
- Delivering business value is considered the key role for IT with only a small percentage indicating "keeping the lights on" as the primary function.
- Improving relationships with business managers and the ability to effectively measure business value is considered key to meeting recovery challenges.

Survey of Chicago IT Executives

This article includes data from a recent pulse survey of IT executives attending an IT conference in Chicago. This survey is part of Geneca's ongoing effort to study the impact of requirements practices on project outcomes.

REPRESENTATIVE INDUSTRIES

Education	28%
Financial Services	17%
Healthcare	13%
Retail/Wholesale/Distribution	12%
Industrial/Manufacturing	12%
Utilities	6%
Transportation	6%
Pharmaceutical	6%



SURVEY RESPONDENT ROLES

Director of Infrastructure	25%
Director of Integrated Systems	24%
Director of Application Services	13%
Director of Security	7%
Other	24%

The Recovery Plan: Obstacles and Opportunities

Thinking Beyond Survival Mode

During the past 18 months, many businesses have been in crisis mode in order to cope with the challenges of a grinding slowdown. Many have broken stride, no longer thinking and acting aggressively about growth. Now, as organizations emerge from the recession, they are burdened with the consequences of short-term decisions made to keep the business afloat. As a result, they face numerous obstacles in the implementation of their recovery plans such as radically reduced resources and loss of competitive ground.

This renewed expectation for growth represents significant challenges for many CIOs. Highly specific commitments to deliver on new goals will test many CIOs as there will be little tolerance for misses.

Our survey respondents validate these challenges:

- “Until recently, we have been giving more attention to cost management and IT operations. Now, the focus is on breaking away from the competition.”
- “We are focused on our value proposition ... although we do not have enough resources.”
- “Although we have limited resources ... still need to develop a new portfolio.”
- “We are performing slower but need to focus on critical success factors and tools that foster customer service.”
- “In spite of a prior cutback, we need to increase communication with the business.”
- “... Difficult to balance cost reduction with innovation and investment.”
- “We are seeing too much need and not enough resources.”

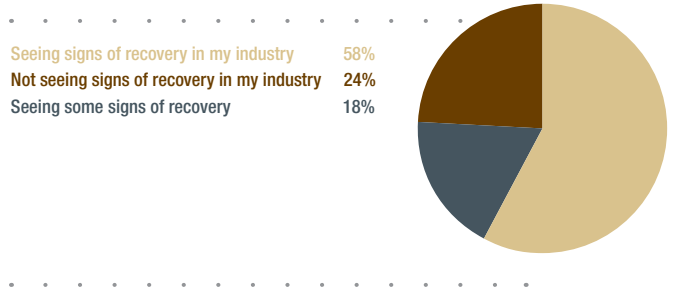
IT: Time to Rev Up Your Engines

When asked to define IT’s contribution to economic recovery, most survey respondents cited IT’s role in driving innovation, competitive advantage and improved productivity. Only a handful of executives mentioned the traditional IT role of “keeping the lights on” or as a utility cost that needs to be controlled.

History has borne out the ability of IT to pull the economy out of its doldrums. According to George Colony, Founder and CEO of Forrester Research, technology has led us out of the last three recessions. A new report from consulting firm McKinsey & Co. concurs, stating that the current recession “though shaping up to be the worst slump since World War II, is following many of the same patterns set by downturns in the mid-1970s, the early 1980s, and the early 1990s. A return to growth in technology spending by businesses and consumers was a major factor heralding the end of those recessions.”

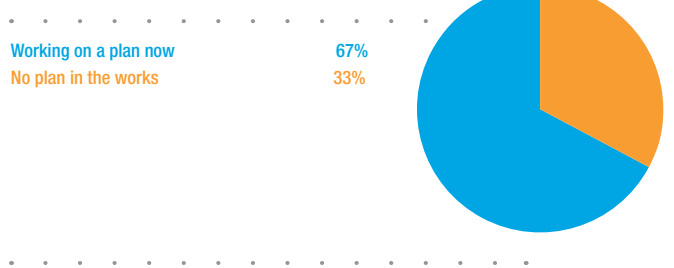
SIGNS OF RECOVERY GROWING

Our survey respondents are consistent with reports stating that the economic tide is turning. Tracking and assessing leading indicators for recovery make it easier to take informed risks when creating a growth plan.

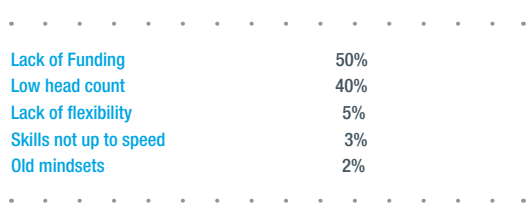


THE RECOVERY PLAN

A clear majority of survey participants are shifting gears and working on strategies to achieve growth.



DO YOU FORESEE ANY OBSTACLES PREVENTING IT FROM SUCCESSFULLY DELIVERING ON THE RECOVERY PLAN?



“ IT needs to listen to the business and to be a partner from the perspective of feasibly ... giving them new options and alternatives. ”

Bob Zimmerman,
Vice President & Managing Director, Geneca

Alignment: Big Problem vs. Big Payoff

During a recession, many organizations have more time to think about exploiting the technology they currently have in order to create something new. As they reinvest and think ahead, identification of new business needs creates pressure on IT to carry out the strategy.

As the recovery gains momentum, it is more critical than ever to have good alignment between the organization's business goals and IT. If there were disconnects between business and IT before, these disconnects are going to become magnified.

Organizations need to do whatever it takes to improve alignment so IT can deliver the resources and generate the revenue streams required by the business units.

Steps to Recovery: What You Can Do Now

Once out of survival mode, the next biggest challenge for business and IT leaders is to identify and create alignment around clear growth objectives. By learning best practices that foster clarity, accountability and clearer metrics, IT will be able to predictably deliver the needed results. Steps to begin this process include:

- **Redouble your efforts to add business value.** Work to improve communication with business managers and put measures in place to support business effectiveness. While the business is in the first phase of the recovery plan, the next phase needs to be ready or in production.
- **Get clarity on business requirements upfront -- before development begins.** All project stakeholders need to be involved early and often to achieve a common understanding of success criteria throughout each stage of development.
- **Review and reinforce your ability to track and launch programs.** Take a close look at the "condition" of areas such as people, processes and metrics. Pinpoint problems that have the potential to erode IT's ability to meet business expectations.
- **Give IT a *business metric*** – rather than an IT metric of delivery. Unfortunately, most IT plans do not indicate what strategic or tactical business benefit the organization will achieve.
- **Don't stop innovating.** Finding creative ways to enhance product differentiation and competition is especially important now. The first line of defense in any business recovery lies in the company's will to compete. If that is strong, the company thrives. If it is weak, the company falters.

ROLE OF IT IN THE ORGANIZATION

Partner to the Business	43%
Add ROI	29%
Innovation	14%
Change Management	7%
Day to Day Stability	7%

