

# Driving Business Results Through IT

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## Overview

Every organization is unique, with its own culture and business processes. Priorities too are likely to differ widely between any two businesses, but success is typically measured in the same way: increased revenue, improved profits, more efficient operations, and greater user satisfaction.

Companies pursuing these goals must overcome the many issues posed by dynamic change, conflicting priorities, and competitors offering lower prices and equivalent or better services. In this environment, information technology (IT) represents not only an invaluable ally, but a significant source of competitive advantage. But leveraging IT for business gain requires an approach that supplies the best answers to these questions:

- How can we create and build an IT organization that is more closely aligned with our business goals?
- How can we better leverage IT resources and staff dedicated to nonstrategic projects by reassigning them to mission-critical tasks that enable the business units to achieve their objectives?
- How can we establish an environment that fosters business innovation and creates long-term value?

## Measurable Business Results

Most IT service providers can determine the right service levels for support and service to an IT organization. But while variables like uptime, mean time to calls, or bug fixes are important, they are typically reactive, 'defensive' mechanisms. Service levels and most other performance measurements tied exclusively to technology issues deliver little business value beyond the establishment of minimum performance standards.



A more important objective for most CEOs and business leaders is the linkage of IT resources and spending directly to the promotion of business growth and improvement. Whether in relation to new application development projects, enhancements to current applications, or support and maintenance, defining and achieving measurable business results (MBRs) is a best practice that enables the organization to ensure that both internal and external IT service providers deliver meaningful contributions to the business.

Attaining that goal requires the IT organization to expand its mission and scope beyond mere problem resolution. It must ensure that IT activities deliver real business value. It must become more consultative, with a focus on achieving positive results for the business through the development and support of IT applications.

Today's CIOs and business leaders also look to external service providers to deliver more value. They expect providers

to understand how to deploy IT effectively in support of the business, and to function as organizational partners capable of delivering demonstrable, measurable business results. Mobilizing IT effectively in support of competitive advantage requires service providers with business and IT expertise grounded not only in the industry in which they work, but in best practices and ideas from other industries. It also demands the consulting expertise needed to work effectively with the organization's IT executives and business users to define the specific outcomes it wants to achieve.

While these expectations sound simple enough, they are the subject of one of the most frequent grievances voiced by companies today. Business leaders complain that service providers do exactly and only the things they sign up to do. All too often, they fail to offer proactive resolutions, suggest creative approaches, or generate new ideas for using technology to drive business advantage.

### **A Contrarian Approach: Look Outside Your Industry to Gain Competitive Advantage**

Finding more and better ways to leverage development projects and outsourcing engagements to achieve a competitive edge requires a disciplined approach to achieving and meeting the needs of the business. And—a key point—it's not always a good idea to do business with a service provider that 'specializes' in your industry. This point is not only contrary to the conventional view, but is a critical one. Many such firms apply the same 'one size fits all' approach to multiple client organizations. That approach fails to differentiate the client firms from their competition; makes them all look the same to their customers; and relegates them to commodity positions within their industry.

Greater advantage is likely to be offered by services providers whose business consultants and IT professionals have a wider view acquired through experience across

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multiple industries. This broader perspective facilitates business breakthroughs through the application and adaptation of ideas and approaches that work well in one industry to another sector. Service providers with the discipline and the process approach to stimulate this type of cross-fertilization can make a significant difference to their clients.

Taking the time to identify business breakthrough opportunities can translate into quick wins and long-term results from mission-critical application development and enhancement projects. In one such case, CTG helped a company develop web-based sales tools that enabled the firm's clients to search for products and quickly place orders. The new tools' success established our client as a sales channel for others in its industry. In just a few years, this new source of revenue grew to over 30% of the client's total revenue and closed many gaps in its product line, making the company much more competitive in its industry. This approach, borrowed from outside the

client's industry and advanced all the way up to the CEO and board for approval, was a game-changing event that is not only supplying a major source of new revenue, but reshaping our client's overall approach to its business.

The 'Measurable Business Results' (MBR) approach requires the IT organization or service provider to work closely with the business to identify the outcomes required in order for a project to be regarded as successful. For one CTG client, success encompassed three different areas, and was defined as an improved customer experience, reduced cost of operations, and increased revenue.

Of course, it requires a great deal of expertise to define tangible outcomes. Over many decades' experience in helping our clients do just that, CTG has found that the facilitated workshop environment is a strong method for drawing out ideas and defining measurable outcomes, which can be elusive at times. CTG recommends defining MBRs in these specific ways:

- The services proposed must meet previously-defined business objectives by improving some specified level of targeted business performance. Success may require extensive vertical-industry expertise as well as consultants with the experience and vision to break free of 'group-think' and apply fresh perspectives from outside the industry.

- The services must be measurable and controllable. Often, cost is the measure toward which organizations gravitate because it seems to be the primary—perhaps the only—controllable factor. But simply decreasing costs, while important, is not usually enough. What shareholders and executives really need is top-line growth. While seeking outcomes that have a long-term impact on the business, the organization also needs to define shorter-

**sample**

**Improved customer experience:**

- Increased end-user productivity
- Fewer customer complaints
- More first-time completions

**Reduced operating costs:**

- Lower operating costs
- Better quality
- Shorter training times
- Reduced turnover

**Increased revenue/margins:**

- Improved cross-selling results
- Greater transaction size
- Higher transaction profit
- More sales leads

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term results that can demonstrate the project’s value and show that it has real merit.

- The services must have a defined time-line to produce the optimal results. It’s not enough to ‘do the math’ and then hope to hit the targets. The costs must be projected in detail in order to support accurate return-on-investment calculations. Mobilizing the experience and methodologies required to help the business decide where it can best invest its resources—not just financially, but also in terms of time and management attention—can be a difficult and time-consuming task. But this must be done; otherwise, it’s just business as usual.

## Aligning IT with the Business

In advising and working with IT organizations and business leaders, CTG has formalized several effective methods for accurately aligning business and IT to achieve the results the business needs. They include:

- *Facilitated workshop:* This guided workshop helps users define their needs and requirements for a project or a set of projects, and supports them in deciding how they should prioritize and fund projects in the early planning stages.
- *Strategic value alignment:* This process helps the IT organization determine how it can add more value back to the business. Through an assessment that can be tailored to the organization’s needs, it shows where and how to focus on activities with the most positive impact on its business. The assessment identifies goals and objectives and supplies a roadmap of actions that will more closely align IT with strategic business goals and needs. It’s a truism that there’s never enough money or time to do everything: but there are usually sufficient resources to accomplish the highest-priority projects.
- *IT optimization:* Only through proven processes and experience can IT organizations identify the most critical business issues and define the corresponding performance metrics. Those activities are required to formulate a plan capable of guiding the IT organization in organizing and deploying its processes and methodologies to achieve optimal alignment with business goals, and to utilize the available resources to the maximum extent possible.

## Business Alignment: Getting Beyond the Obvious and Defining the Actions

Alignment between IT and business strategy is clearly crucial. While most consultants give this principle lip service, few go beyond explaining the actions and activities associated with getting IT correlated with business needs. CTG experts understand that IT investments must be prioritized by outcomes: improved revenue, improved operations, increased profits, and greater user satisfaction. Then, these desired outcomes must in turn be translated into an executable plan that clearly defines responsibilities and actions for both business and IT areas of the business.

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In the end, a successful outcome for any IT project requires following these steps:

- Diagnosis of the business problem and definition of the desired end state or outcome
- Definition of the business options or solutions required to solve the business problem
- Identification of a set of unambiguous, measurable business outcomes or results designed around the chosen business solution
- Specification of the solution or application requirements that achieve the outcomes or results
- Development of an impact analysis to decide which of the solution requirements have the biggest impact on the set of business goals
- Conversion of the solution requirements to a small series of iterative steps
- Measurement at each step of the impact the system has had on the results
- Adjustment of the results and future requirements based on the feedback from each of the measures
- Continued iteration of the solution ‘build and measure’ cycle until the results are achieved
- Review of the lessons learned; continued measurement of the results to the business; and application of both to future projects

A failed project means that the team (both IT and business) got the requirements wrong. Getting the requirements wrong means that the team failed to diagnose the business problem correctly and/or clearly define MRBs. CTG’s approach to MBR calls for accurately defining the problems and issues up front, and then envisioning the end results. Only when this has been done can a solution be implemented that achieves the desired outcome.

## **Building an Effective and Optimized IT Operation**

Business executives must work closely with IT executives to build an effective and optimized IT organization. Constructing the right IT operation begins with treating the IT organization as a set of applications or a ‘portfolio’. This portfolio view identifies criteria and measures such as cost, value, resources, technology, quality, and standards. Discriminators like these allow both business and IT sides of the business to decide where time, money, and attention should be allocated.

Next, IT should implement the processes that incorporate efficiencies to increase speed, improve quality, eliminate nonessential support functions, and reduce requests from business that arise from informal communications. While admittedly a high-level view, this sequence illustrates the importance and the relevance of creating effectiveness and efficiency in IT and providing value back to the business.

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## **Summary: Avoiding the Mistakes of the Past and Defining the Future**

We've all been associated—as either victim or contributor, or perhaps both—with IT projects that have failed. If you were to boil away all the reasons for such failures, the essence would be that requirements and business objectives were not clearly and accurately defined, and business users were not kept informed. An effective approach, followed through by a business-aligned team of experienced consultants, ensures the proper documenting of system requirements that actually add real business value.

### **About CTG and How we Align IT to Our Clients' Business Results**

*Throughout our 39-year history of supporting IT organizations, CTG has always looked first at the value of the business; we view IT activities through a business lens. Our decades of experience in managing IT projects and IT organizations for our clients have enabled us to develop a proprietary, time-tested set of methods, processes, and approaches that can help an IT project or organization become more effective and efficient.*

*We believe that effectiveness begins with identifying and prioritizing the needs of the business, while efficiency means making sure that the operations to carry out the objectives are streamlined and the people are as productive as possible. That means that the right things are being done and the 'noise' or unnecessary actions that impede progress and don't support the real objectives of the business are eliminated.*