



# Can Your IT Organization Deliver on Your Strategic Priorities?

*Today's IT organizations work incredibly hard, but despite their best efforts, leaders still complain that IT costs too much, lacks transparency and isn't focused on the initiatives that matter most. Use a Maturity Assessment model to open the dialogue between your business and technology leaders so they can partner to deliver real business value.*

## **Sing from the Same Song Book**

We often encounter hard-working, dedicated IT organizations, and yet, despite their best intentions, the business remains highly dissatisfied with their results. No one is happy. The IT organization works hard to deliver on initiatives they think are important, but no one seems to appreciate their efforts.

The business pays a hefty sum for a service but is continually disappointed that it doesn't deliver on their priorities. The resulting frustration erodes trust. Working relationships disintegrate.

The root cause varies. As discussed in "Working Together to Drive More Value from Your IT Organization" the problem can stem from a mismatch between the IT operating model and the business model.

Or it could be that the IT organization gets distracted by unauthorized and/or non-strategic projects, as pointed out in "Moving the Needle."

Regardless, from the technology organization's perspective, the first step is to admit a problem exists and that there is a need to partner and communicate with business leaders to achieve alignment.

They need to make sure that everyone "sings from the same song book."

## Frame the Conversation with an IT Maturity Assessment Model

A Maturity Assessment model can help frame that conversation. Any leader—it doesn't have to start with IT—can use this tool to review the business expectations for the technology organization and have a frank discussion about IT's execution.

Frequently, the business expectations and IT's execution are mismatched.

It's not unusual to see IT operating as an "order taker," scrambling to fulfill requests from various stakeholders (e.g. Level 2) when the business is looking for a more strategic partnership (e.g. Levels 3 or 4).

Other times, we see the technology organization tries to be innovative and to bring differentiation to the business (e.g. Level 5), when the company wants them to focus on delivering cost-effective support for infrastructure and applications.

The problems arise when IT prioritizes work based on their own ideas of what is important without actually discussing it with the business.

**IT Maturity Assessment Model**

|                              | FUNCTIONAL LEVEL 1   | ENABLING LEVEL 2   | CONTRIBUTING LEVEL 3   | DIFFERENTIATING LEVEL 4  | TRANSFORMATIONAL LEVEL 5                                      |
|------------------------------|--|--|--|--|---|
| <b>IT EXECUTION</b>          | IT delivers a limited set of capabilities to the business              | IT is run like a business. Outcomes are measured against performance obligations | It addresses explicit business issues. IT's contributions are well understood                        | IT collaborates with business to deliver new products and services | IT is a primary driver of business model innovation           |
| <b>BUSINESS EXPECTATIONS</b> | Business regards IT as a commodity used for cost-effective transaction | Business unit leaders independently leverage IT when they consider IT necessary  | Technology strategy is explicitly aligned to business goals. IT capabilities are stable and reliable | IT is a source of agility and product/service innovation           | IT is leveraged to redefine markets and rules out competition |

## There is No 'Right Level'

This is not a "one size fits all" assessment, nor is it a map to the right answer. Not all organizations should seek to operate at the highest level.

What's important is that your IT organization operates at a level aligned with your business's expectations.

A young, high-growth company is likely to have different needs than a mature organization. There can even be differences in needs among business areas within the same company.

For instance, the procurement department may be looking for innovative technology solutions while the finance department requires cost-effective transaction processing.

Remember, the first step is admitting there is a problem and initiating the conversation to create alignment on the business's priorities.

### CASE IN POINT:

**Background:** A restaurant chain that recently lost its CIO viewed the leadership change as an opportunity to assess and realign the IT organization.

**Approach:** A&M interviewed the entire executive team and the various heads of the business areas. It was apparent that business leaders were very dissatisfied with the quality and responsiveness of IT service levels. Leaders had no idea what IT was working on, but they knew that their requests were not prioritized.

Clearly, the business and the IT department were not aligned. As it turned out, the IT department was trying to be transformational and operate at the top of the maturity curve.

But while the department focused on the "transformation" projects IT thought were important, they failed to deliver on some more basic, but critical, technology services that the business expected. The breakdown was a testament to the poor relationship between the business and IT.

**Outcome:** Our recommendation turned IT into a service organization which included "business relationship managers" whose function was to focus on communication and alignment with business stakeholders.

Consequently, IT had a better understanding of the business's goals and began to prioritize based on the business needs and satisfaction with the IT function ultimately rose significantly.

#### CASE IN POINT:

**Background:** A Fortune 400 energy company made 8-10 acquisitions over the course of a few years. To achieve operating efficiency and standardization across the combined companies, the IT organization was implementing an ERP system; but a year into the implementation, they were severely behind schedule and over-budget. Business leaders were frustrated by the lack of progress and unclear on why the progress was so slow.

**Approach:** A&M was asked to create an IT strategy and to review the progress on the ERP implementation. After interviewing the business and IT leaders, we found there was a fundamental mismatch between the business's expectations and how IT viewed their role. In fact, IT was driving toward standardization for a business that was highly autonomous and de-centralized.

There wasn't a burning platform (e.g. requirements to reduce expenses or streamline processes) nor an appetite for a centralized ERP system. They were never going to succeed.

**Outcome:** We helped them see that it made more sense to hold furthering implementation activities for the ERP and instead re-organize to become a customer centric function. Instead of dictating what they were going to do, IT focused on partnering with the business to enable their objectives. The Maturity Assessment model was a tool that helped to facilitate the discussion and led to an improved organization and governance process.

### It's Not a 'One-and-Done'

This is not a one time conversation. To have sustainable results, the IT organization needs to be constantly assessing and communicating with business leaders so they can meet the business's evolving challenges.

#### CASE IN POINT:

**Background:** An engineering and manufacturing company merged with another major player to create stronger market share and realize cost and distribution synergies. While the company had acquired small competitors before, they had never attempted a merger of this size.

**Approach:** As part of the integration planning, we assessed the organization's IT capabilities. What we found was that the VP of IT was concerned with the tactical delivery of internal IT services such as a combined network and email system, but was missing the bigger technology issues around how to scale and support the new, combined organization and to capture expected synergies.

**Outcome:** Using the Maturity Assessment model, we were able to show both the business leaders and the IT leader the current level of maturity and where the organization needed to grow in order to support the merged companies.

## Listen, Listen, Listen

When I became a CIO, we instituted an annual customer satisfaction survey. At first, the feedback was difficult to take. My team was working hard and it was painful to hear how dissatisfied businesses were with performance in certain areas.

However, the feedback gave us the information and understanding we needed to fix problems and create a roadmap to build capabilities and make improvements. Over a five year period, satisfaction roughly doubled.

In order for IT to be a respected partner who delivers business value, there must be continual communication and feedback.

IT leaders need to understand where the business is going and how organizations can best support those goals.

They must avoid the trap of thinking they understand the business's priorities without actually explicitly discussing them with the business.

They must be brave, ask for feedback and not get defensive. There will always be room for improvement, but you can't fix what you don't know is broken.

Whether you use a Maturity Assessment model, a customer satisfaction survey or another tool, the important thing is to start the conversation, be open to feedback and never stop listening.



### About the Author

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