


## Eleven Mistakes Business Make in Managing Their Information Technology



**To be effective, Information Technology must be an integral part of the business strategy**

*Many businesses have an uneasy feeling that technology is not giving them the boost they need. They see other businesses incorporating technology effectively, clearly getting a good return on investment and gaining a substantial advantage over competitors, but they can't seem to achieve the same results in their own company. They may feel technology is not appropriate in their own business, or too difficult or expensive to implement. Or they may feel the right talent is just not available to them, or is too expensive. We have found that companies struggling with these issues typically have not integrated technology well into their business strategy. Often, they are struggling to shoehorn their business processes into technology, rather than architecting the technology to fit their business. Here are some common indicators of trouble that may lead to frustration with Information Technology.*

1. *Not having an IT Vision that supports the Business Vision.* Information Technology is a complex area that has become the backbone of most successful businesses today. Databases are critical to maintaining the knowledge of a business, computers are key to worker productivity, and communication revolves about the ubiquitous email. Having a vision for the technology in the company is vital – however, that vision shouldn't be created in isolation from the Business Vision. Nor should the business vision be a product of the IT vision. The IT vision should be based on one important question: given the business vision and market landscape, how will IT add value to the business?
2. *Not matching the IT Strategy to the Business Strategy.* Strategy is the overall design for implementing the vision. If a business strategy calls for empowered, independent team of workers managing to a common set of goals, then the IT strategy needs to reflect independent user groups. If the strategy is to flow work down a business process like an assembly line, then the IT strategy should be based on a workflow concept. If the business is geographically dispersed and uses a hub-and-spoke organizational structure, the IT strategy should also use hub and spoke. The IT strategy should complement and support the business strategy. There is certainly room to modify the business strategy to take advantage of specific technologies, but this is frequently over-emphasized, sometimes to the point of degrading the business strategy.
3. *Not incorporating sufficient security into the technology architecture.* Information Technology security is absolutely critical to any business. Businesses frequently under invest in this area, causing inevitable catastrophes that will cost more than the proper security investment. The company's data must be protected against intrusion, pilfering, and unauthorized modification. Networks must be protected against attacks and unwitting takeovers. And security must be internal as well as external – a disgruntled employee

can cause considerable damage in an unprotected, non-compartmentalized system. And a well meaning employee can also cause considerable damage if IT procedures are not enforced by complimentary security systems.

4. *Not purchasing the right amount of technology.* Companies which do not have technology as part of their business strategy are often reluctant to make an investment in the computers, software and network systems that will give their company increased efficiency and a competitive edge. These companies often look askance at technology, seeing it as a black-hole requiring constant investment with little return. Conversely, some companies are enamored with technology and subsequently over invest, creating exactly that black-hole the former companies fear. The cause of these two maladies is the same – technology investment not grounded in the business strategy. There must be a business case analysis that supports the technology investment, the results must be monitored and the business case modified as the technology is implemented to ensure an appropriate return on investment.
5. *Not using the technology already purchased and available.* Incredibly, many businesses fail to use the technology they purchase. This is usually a result of not having a plan to implement the technology. Simply purchasing the new hardware or software is not enough – there must be a plan to install, train, create new business processes, convert data, and cut over to the new system. Large software system conversions often include these features, but routine upgrades, such as a new version of Microsoft Office, usually do not – no one takes full advantage of the new features or capabilities. Smaller purchases, such as a new analytical software package for the use of just a few key people, often suffers the same fate. There is an initial zeal during the evaluation, selection and purchasing phases, but it all loses steam during the implementation phase (or, frequently, there is no implementation phase). As a result, the business does not realize the improvements and never sees a return on investment.
6. *Using technology processes rather than business processes.* Businesses that leave their IT strategy and implementation to the “techies” will find that their business processes are reflections of the technology processes – the IT folks, not understanding the business, will naturally tend to map processes that are focused on the technology. These might not even be the simplest processes – the IT folks will often pursue a technologically “exciting” or “elegant” solution. The company can become mired in additional technology support costs and inefficient business processes. The best preventative to this situation is to use operations people that understand the business to design the workflows, augmenting their efforts with a team of IT folks. Certainly, many business processes will work better if modified to take advantage of the technology, but this should be a conscious modification, in keeping with the overall business strategy.
7. *Allowing IT to make the infrastructure decisions.* Similar to allowing IT to make the process decisions, allowing the IT folks to make the infrastructure decisions will cause the same mis-marriage of business processes and technology. Letting IT make all the IT decisions is usually not the fault of the IT department – it is usually caused by the reluctance of business managers to understand and grapple complex technology decisions head on. The infrastructure planning and implementation must be carried out from a business perspective, with heavy support from the IT team. Assisted by IT experts, the

business planners must make the effort to understand the various architecture options and be able to discern which option is best for the overall business strategy. As the technology is grown or refreshed, the business planners must take the lead in ensuring any additions or modifications to the architecture is in keeping with the business strategy and supports the core business process flows.

8. *Not knowing when or what to outsource.* Outsourcing can be a very effective means of getting the technology expertise needed at a reasonable price. The decision to outsource should be based, again, on the business strategy. Many companies fail to explore their full options in this area. They think of outsourcing as an “all or nothing” proposition and fear to entrust a core part of their business to “outsiders”. These businesses are often reluctant to give up control of their data or business processes. The solution is to approach outsourcing as a basket of services: consider retaining a support staff to sustain the information technology, but outsource the support for planning, implementation and training. Or, consider maintaining an IT executive staff, but outsource the day-to-day labor. A variety of approaches should be considered to get the best value IT support that is both effective and current.
9. *Not having a backup and disaster recovery plan.* The rise of information technology has brought more focus on the problem of data backup and disaster recovery, but the problem has always been with us – there are many examples of fire or natural disaster destroying important paper files, of historic documents decaying or being lost over time. Electronic data has not created this problem, but it has made the problem easier to manage. Data can easily be copied and stored in geographically dispersed sites; back-up systems can be easily implemented. These solutions were not even possible in the old paper-file days, but now are available to anyone doing work electronically. The risk of losing data to such mundane events as power failure or operator error has increased significantly also. The price of doing work faster has been the cost of making mistakes faster. A good disaster recovery plan will mitigate the risks of errors large and small, as well as provide a hedge against uncontrollable external events. Not having a backup and disaster recovery plan leave the business at very high risk.
10. *Not having or enforcing an appropriate use policy.* Employees should be told specifically and in writing what constitutes appropriate and inappropriate use of the firm’s information technology resources. Failure to promulgate and enforce an appropriate use policy can be far more damaging than simply allowing employees to waste time; it can leave the company open to litigation in areas of sexual harassment, implied agency, libel, accessory to computer crimes, and a host of other wide-ranging issues. A good appropriate use policy may not prevent the wayward employee from using the company’s IT resources inappropriately, but it will help protect the firm from responsibility for the unauthorized activities.
11. *Not having a Technology Upgrade Strategy.* Information technology continues to evolve. In addition, hardware and software grows obsolete over time. Some companies make the mistake of allowing their systems to get so old that they are no longer supported by the industry, creating huge upgrade costs. Others upgrade by using excess funds at the end of the budget year, purchasing whatever is available for the funding level. This causes

imbalances in the IT architecture, inefficiencies in the business processes, and poor implementation. The IT architecture will steadily drift away from the business strategy and become a black-hole of inefficiency. Still another group of companies will fund IT extravagantly, buying the latest hardware and software upgrades available – again without regard to the overall business strategy. The IT upgrade strategy must track with the business strategy, considering the timing, cost and benefits of upgrades over a long term horizon. Issues, such as skipping generations of upgrades, phasing new hardware and software, maintaining common hardware and software to ease supportability, and creating a steady evolution of training and implementation (or using more radical change management to step technology plateaus) should be considered in the plan. Then the plan must be funded as part of the company's deliberate budget cycle, competing with other projects based on return on investment, rather than left to be funded by spare change.

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*This WhitePaper was prepared by Vega & Associates, Ltd., a technology consulting firm that is expert in the design and deployment of strategic, value-driven technology solutions. Visit us at [www.vnaltd.com](http://www.vnaltd.com), or call us at 817.379.9952.*