

Define Align

By Marek Jakubik

There are two places where I most frequently meet with the word align. Every couple of years I hear it from my friendly car mechanic. And about every other day I read about it in another CIO survey. Could the two be connected? And why, oh why, do the IT folks keep talking so much about the need to align?

The connection appears to be rather tenuous. It seems while we quite easily borrowed the term, we're not sure at all what to do with it and what exactly it means. And so, while the mechanics keep working, we keep talking.

If businesses were a car and IT was the tires, what would we be obliged to do? We would keep the tires fresh and innovative (everybody needs good traction after all), and yes, we would want them to point in exactly the same direction as the car's body. Easy, isn't it? If any car mechanic can do that, surely, so can CIOs. If only it were that simple.

Watch Your Language

In engineering, whether of the social or business sort, nothing is simple. Nevertheless, this is where the use of simple words or phrases not only creates an impression we comprehend something but also conveys a sense it might be easy to do.

CIO magazine recently listed the "Top 10 Information Management Concerns" including the following: IT and business alignment (#1), IT strategic planning (#4), IT governance (#8).

Henceforth, here is my top concern: All these terms generally are misunderstood. Meanwhile, by liberally sprinkling them around surveys and articles, we propagate a fantasy we actually know what we are talking about.

To effect a shift from talking to doing, we must first explain these concepts to ourselves in much plainer language.

Align = Involve + Prioritize

That is the essence of aligning IT with business. First, CIOs must work hard on creating an environment in which they're genuinely engaged in all discussions concerning business strategy, tactics, and key day-to-day business issues. They must take proactive interest in all critical issues confronting the business and demonstrate ability to add their

constructive views to the discussions. Through that process, they must achieve the status of being a respected and active member of the Executive Club.

Then, and only then, will CIOs put themselves in a position where they can genuinely request—or even demand—the business leaders reciprocate and become involved in the relevant issues of IT.

The bosses (whether they're CEOs or CFOs) can greatly accelerate and smooth the process of such bilateral involvement. Ask your boss for help. (For more on this subject, see "CIO Chronicles: If I Were a CEO . . .," July 2004.)

Say No to HR...

The second key step in aligning is to understand and prioritize IT's focus and expenditures. Far too often, CIOs, almost by default, assume a position that "IT has to help everybody in the enterprise." That is precisely the wrong approach. What CIOs must do is to decide where the strategic priorities lie and consequently adjust and direct IT resources. This may require saying no to folks in HR and Finance, for example. It may require deferring some otherwise important projects.

It also necessitates a forum in which a structured, constructive dialogue with the business leaders can take place.

IT Governance to the Rescue

All complex systems require rules and regulations, and especially those systems aimed at defining, controlling, and directing the administration of strategic policies. IT governance, our second frequently misunderstood term, provides exactly that.

Imagine a country organized along the federal/state model that has no well-defined authority or accountability boundaries vis-à-vis its major strategic decisions. The fact we do not know of such a nation-state indeed may prove an entity of this kind would be ungovernable. Yet this is how many organizations still operate their IT.

The focus of IT governance is on two words—authority and accountability. To be specific, a good IT governance program clearly must delineate:

- scope and levels of authority for IT decisions among company executives and

- accountabilities for those decisions.

The rest is a lot of hard work. Communicating and selling IT governance takes time. CIOs have to be prepared to spend at least a year until the key practical aspects of IT governance become internalized by the organization and become an effective foundation for its decision-making processes. Among other things, internalizing means:

- familiarity and involvement of senior executives with the process,
- ability to define clear business objectives for IT investment,
- processes for managing exceptions, and
- consistent procedures for making IT decisions from year to year.

“IT governance matters because it influences the benefits received from IT investments,” says Peter Weill, director of the MIT Center for Information Systems Research, in his 2004 paper. “In addition, we found that firms with above-average IT governance performance that followed a specific strategy had more than 20 percent higher profitability than firms with poor governance following the same strategy.”

And now for something that should warm CIOs’ hearts: Results of the MIT study that analyzed 256 companies’ IT governance programs found, in general, the worst job at IT governance was being done by companies that excluded their IT executives from the process. In those companies, almost every large decision—whether about the role of IT in the company, IT infrastructure, or investment decisions—was made between top executives and the business groups.

At the other end of the spectrum, the most successful enterprises involved both IT and business executives in determining the role of IT and making investment decisions while leaving purely technical decisions about architecture and infrastructure to the IT organization.

For those who made establishing an IT governance program one of their 2005 resolutions, I recommend an excellent book—IT Governance: How Top Performers Manage IT Decision Rights for Superior Results, by Peter Weill and Jeanne Ross.

IT Strategy

While the concepts of alignment and governance still are babies in the family of contemporary management tools (which may explain our difficulties in understanding

them), the idea of strategy definitely is a grown-up. Yet I find it still is confounding too many CIOs.

If that’s how you feel, take heart. Even the experts have difficulties. Consultant Fred Nickols, in his abstract “Strategy: Definitions and Meaning,” outlines no fewer than eight various definitions of strategy developed by famous management gurus from Liddell Hart through Mintzberg and Porter to Treacy and Wiersema.

That’s the good news. The bad news is you cannot use Nickols’ paper as an excuse. Having a strategy is an essential element of success in any business. But if so, what is it? Where can we find the necessary focus?

Nickols offers this advice: “Strategy is all these—it is perspective, position, plan, and pattern. Strategy is the bridge between policy or high-order goals on the one hand and tactics or concrete actions on the other. Strategy and tactics together straddle the gap between ends and means. In short, strategy is a term that refers to a complex web of thoughts, ideas, insights, experiences, goals, expertise, memories, perceptions, and expectations that provides general guidance for specific actions in pursuit of particular ends. Strategy is at once the course we chart, the journey we imagine, and at the same time, it is the course we steer, the trip we actually make. Even when we are embarking on a voyage of discovery, with no particular destination in mind, the voyage has a purpose, an outcome, an end to be kept in view.”

My advice: To start, focus on the last part of Nickols’ view—think of outcomes and add to those key elements that make it a workable, executable plan. That pattern of thinking should lead you to (or near) the following four elements that make up a strategic plan:

- objectives (specific strategic goals to be accomplished)
- choices (matching those ends to available means)
- plan of action (how, when, and in which order we get there)
- process of executing (linking strategy and tactics)

The last point may be somewhat contentious and needs a word of explanation. The best strategy is just your finest plan before the action starts. Once the strategy is put into action, realities take over. The only thing you can know for sure is your plan will change in reaction to events and forces you

could not have predicted. That’s the time to employ tactics. And that’s where the best-laid-out strategic plans most often fail. Hence, the last and perhaps the most important point about having a successful strategy—execute.

Or as best-selling author Mike Davidson points out in his book *The Grand Strategist*: “Grade A execution of a Grade B plan always beats Grade B execution of a Grade A plan,” and he also quickly adds, “Note, it says Grade B, not C or D.” Always keep that in mind!

Mastering the Mystery

Alignment, strategic planning, and governance all are intricately interconnected. The heavy dose of mystery associated with them often leaves CIOs overwhelmed. They shouldn’t be. Mastering the necessary skills is a function of time, persistence, and experience. Today, these skills may be complex and mystifying, but chances are, tomorrow the organization will thank those who made the effort.

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