

*Drive returns that last*



## **JCC Executive Partners**

### **Leadership Series**

***Strategic Objectives: ‘Trying Harder’ isn’t one of them***

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## I. Leading with your Core Objectives

"I've got things to do! I don't have the time for this strategy stuff. And a presentation? How about we just send them an email? We already know the strategy – try harder."

Strategic planning is worse than misunderstood. For IT leaders who are characterized as cost center line managers, one can't blame them for their cynicism. Their struggles include citations of actions, ostensibly proving they are delivering stuff that the company "wants". Strategic alignment is less about strategy and more about justifying their daily tasks. Oftentimes, peers and company leadership will develop a corporate strategy; IT's subsequent role is to itemize a bunch of technology projects and costs that fit the latest corporate goals. While program alignment is certainly critical to company success, the portfolio of technology projects is not an IT strategy. And without its own strategy, Information Technology is a reactionary cost center, with activities neither optimized nor cost effective.

There's a distinction to be made in IT's strategy creation. Let's consider any line of business. A strategy is not simply a way for IT, or Legal, or Finance, or Manufacturing to prove that their tactical services are aimed at a set of corporate objectives. Your strategy is your means for building a transformative organization, prepared to innovate and adapt, on a moment's notice to the ever changing winds of industry and the whims of customers. Your strategy represents *your departmental objectives* for organizing the culture, focusing on specific principles, and preparing for your customers' needs. Speed of execution and speed in attacking the corporate goals demands strategic thinking that is about *differentiation*.

- *Apply innovation to all we do*
- *Ensure flexibility*
- *Become a continuous improvement center of excellence*

*Unfortunately, these homilies are not strategic goals*

What are the principles that steer your IT organization? Have they been collated and formally identified for guiding all IT activities? Don't pull punches when you assess your strategic objectives. Are these imperatives and guiding principles just clichéd cheerleading, homilies or platitudes that any company or any department could champion as their own? Or are your principles and strategic objectives unique, providing value that IT, *and only IT*, can advance and sustain?

As the CIO, you require a core set of differentiated "strategic objectives." These will guide your teams and processes, with a vision of IT's value. They must distinguish IT from all other departments in the company, as well as all other IT organizations everywhere.

## II. Strategic Objectives can't be cut and pasted

For too many IT leaders, the annual strategic planning effort is considered a one-shot exercise, a few bullets in the annual report, and justification of why the CIO is on the company bonus plan. Once the strategic plan document is signed, on the shelf it goes. Too many hassles are awaiting attention. Applications need updates; customers are calling; projects need to be revamped, and a maintenance agreement is due for renewal. So the hallway running continues. No wonder the strategy is undervalued. And no wonder that operations, teams, and costs don't improve. Some groups jot down a few platitudes and consider it done.



If your strategic goals are pretty much the same as any other line of business, then your value is ambiguous. Consider the following imperatives:

- *Apply innovation to all we do*
- *Ensure flexibility*
- *Become a continuous improvement center of excellence*

Are any of them unique to IT? Are any of them advancing IT's differentiated value? They could pertain to a vision of IT and its underlying values, but there is nothing in these illustrating leadership guidance and direction. These banal mandates could be cut and pasted from one department to another, both in and out of IT. *They are not strategic goals. They are not unique IT strategic objectives.* They are expectations that already exist. (In fact, if these mainstays are not part of IT or any other department, then those departments shouldn't even exist.)

Strategic plans are typically 3 or more years in duration, and they are appropriately revisited each year. Industry evolution, trends, and technology move too rapidly for unflinching adherence to a strategic plan that you may have developed eighteen months ago. Nevertheless, while a strategy evolves, *your strategic objectives* should be well considered such that they potentially can deliver long term guidance and specificity.

Key strategic objectives are IT version of your nautical sextant, steadying every activity, helping navigate through every assessment, support or development, and ensuring that all departments in your organization advance the differentiated principles. Considering our example above, the goal "Ensure flexibility" is providing no business rationales nor any concentrated focus or means toward success. Each one of the example mandates above was a generalization and could have been cut and pasted from one line of business to another, whether Sales, Finance, Manufacturing, Marketing. They do not differentiate IT's value, nor do they offer an approach to a specific industry trend or competitor challenge. If we were any more general, we might as well say, "We try harder;" that's worthy of a marketing slogan and effective as an advertising campaign, but it does not represent a strategic objective.

What are IT's accountabilities vs. those of other lines of business? In light of the company mission and the corporate strategy to which IT must align, *how is Information Technology going to organize itself, operate, evolve, and act in order for the business to achieve its corporate mission?*

IT's strategic objectives provide specificity, a perceptive understanding of how IT will progress, how its focus shall elevate corporate objectives. IT's strategic objectives consider the best means to deliver business value. They must be measureable and, most importantly, they must highlight (and demand) IT's unique and particular value in enabling business advancement. Now consider these:

- (1) Create/evolve a scalable and adaptable infrastructure, expediting the company's M&A strategy, delivering expedited product enhancements and product capacity
- (2) Formalize organizational improvements and develop versatile teams who can support multiple functional areas
- (3) Institute business-related metrics across all IT departments, configured to monitor technology's impact on company processes and revenue

The first objective (...scalable infrastructure....) is rationalized, suggesting a corporate M&A focus, integration of new products and capacity. The infrastructure shall be prepared for not just additional users, but the ability to adapt, and also with an expectation that new entities may be employing different apps, access methods, techniques. Implementation of this objective (tactics) may or may not include SaaS capabilities, mobile capabilities, on-premise activities. Those tactical deliberations must be focused



on the strategic guideline stated in Objective 1. Conversely, a strategic objective “Be Flexible” does not provide a leadership recommendation on the means forward, whether that is in infrastructure or team development.

Objective 2, “Formalize organizational improvements...” underscores an approach for advancing a cultural value – versatility and flexibility. The leadership is identifying a strategic approach for optimizing teams; supporting multiple functional areas implies cross-training, hiring professionals and partners who are not confined to one skill or niche. It also drives forward the concept of collaboration among teams.

The final objective, from our example of three, highlights a paradigm change in IT – business related metrics and process impact. IT has no shortage of metrics, but they are usually inwardly focused; they include storage capacities, network availability, costs of the annual IT budget. Where are the business metrics that identify cost of processes and the impact of downtime on the business revenue? Further, note that *all departments* are expected to develop *business related metrics*. Metrics are not confined to Operations only. Impact metrics become a financial way of life -- assessing solutions from a business, bottom-line perspective.

In performance management of workforces, the concept of SMART goals is regularly employed – Specific, Measurable, Achievable, Realistic, Time-framed. The SMART goal approach can be applicable to your strategic objectives, as well. While the strategy may span years, the underlying tactics will be milestones along the curve.

Your strategic objectives provide the fundamental rationales and approaches for managing all IT endeavors.

### III. Your strategy is not a project portfolio

Achieving and advancing your strategy is not eliciting a series of projects that align to specific corporate goals. Let’s consider alignment from the top. The Corporation develops a strategy, which might include the following objectives:

- (1) Increase stock from the present \$6 per share to \$11 per share by FY16
- (2) Remodel the flagship line to emphasize family usage and designs
- (3) Establish a foothold in Japan

From these strategic objectives will come a series of initiatives that the corporation wishes to achieve. “Establish a foothold in Japan” may include the following *tactics*:

- Adopt feasible lease arrangements in Tokyo downtown
- Set up Japanese support operations
- Market and communicate the customer advantage of our Asia presence

Then from these tactical objectives will sprout sets of initiatives, projects, and services ultimately aimed at fulfilling the corporate strategic objectives. IT and other lines of business will participate in delivery.

So moving from the corporate strategy to IT’s strategy, it is a mistake to imagine that the IT strategy should simply become, *add Tokyo infrastructure; hire Japanese support teams; communicate to the Board that IT operations is in Asia.*



As we saw, Information Technology's *strategy* is not a set of homilies; neither is IT's strategy a citation of projects and services that match to corporate activity. Project portfolios are the means to fulfill tactical plans, via the support of many teams inside and outside of IT. A set of project portfolios is not a strategy.

Likewise, as IT is accountable to help all lines of business, Marketing may have a set of critical initiatives (its own Tactical plan for the coming year); some of these may include: create new EU website; enhance social media connections by creating social media presence; provide competitive analyses and integrate into sales collateral. If one asks if IT's strategy is aligned to Marketing's efforts, shall we have an IT strategy that states, "Focus on website improvement; add Facebook presence; ensure data mart includes sales collateral"? Certainly not. Those items are part of IT's project portfolio and service portfolio, but they are not strategic objectives.

The IT Strategy is an incisive, leadership guideline (and mandate) for building transformative value. Its value is guiding solutions/technologies, distinguishing itself from any other department and any other IT organization external to the corporation. IT's strategy is the underpinning for creating a transformative organization that will ensure corporate goals, leveraging a technology/information center of excellence -- IT teams that can handle any and all technical challenges that arise in pursuit of our three example corporate objectives.

#### **IV. Team Alignment**

Every IT department should mold its approach and accountability toward the CIO's specific vision and guidelines -- the CIO's strategic objectives.

Let's review the strategic alignment of three IT departments. Departments will undertake and support specific tactical headlines. Each department will align and adhere to the strategic objectives, particularly as they relate to key initiatives or key tactics for the present year. An extended tactical plan will naturally provide detail and decompose the milestones into individual quarters. But at the executive level, there are specific highlights that identify the major tactical objectives and their relationship to the CIO's IT Strategic Plan.

Note Figure 1, Strategic Objectives and underlying Departmental Tactics. We have identified Operations, Application Development, and Security as our example departments. At the top are the three, example IT Strategic Objectives. For each department, there are specific Tactical efforts that will proceed, and these will answer each of the Objectives.

Strategic objectives are not buffet options. The objectives cut across all departments and all activities. The objective "Institute business-related metrics..." does not belong to Operations only. Each department shall execute their tactical efforts according to the IT Strategy. For App Development, it is cost of downtime per application; for Security, it is the gap analysis for an acquisition. Every department will align to not some, but all, strategic objectives.

All behaviors and approaches, department by department *employ the strategy as a leadership guide*. The subtle takeaway is that specific tactical objectives of the company, of Finance, of Manufacturing, of Marketing, will be supported via a number of IT service enhancements, or projects or new apps (internally or externally provided). But the inventory of those departmental support/enablement projects is not the IT strategy. Information Technology's strategy is about transformative value and strength.



Information Technology Strategic Goals					
	<i>Create/evolve a scalable and adaptable infrastructure, expediting the company's M&amp;A strategy, and assuring fast product enhancements and product capacity</i>	<i>Formalize organizational improvements, versatility and flexibility in all departments for supporting multiple functional areas</i>	<i>Institute business-related metrics across all IT departments, configured to monitor technology's impact on company processes and revenue</i>	.....	.....
<b>IT Departments</b>	<b>Aligned Tactical Plan Headlines on Departmental Basis FY 14</b>				
<b>Operations</b>	Establish KPIs on principle manufacturing platforms; Provide trend analysis prior to Q4	Initiate cross-training for second level support financial apps; Begin exchanging work tasks between Site A and Site C	Identify impact of current data center maintenance schedules for Priority 2 applications	.....	.....
<b>App Development</b>	Validate functionality for apps across Mobile devices: - CRM - Financial Reporting - Management dashboard	Enhance training documentation and conduct second level support workshops on CRM and Inventory app suite	Develop rationale for identifying cost of downtime, on a per application basis	.....	.....
<b>Security</b>	Standardize the due diligence audit methodology; Extend cloud and supplier audits to second tier vendors	Engage PMO and enhance/train on assessment process, proactively identifying risk criteria during the vetting phase	Re-evaluate severity analysis for last year's acquisition of Flyglare Corp; identify gaps contributing to omission of NE customization	.....	.....
...	.....	.....	.....	.....	.....
...	.....	.....	.....	.....	.....

**Figure 1, Example IT Strategic Goals and IT Sub Departmental Tactical alignment**

The strategic plan is practically an identity. It represents IT's way of life in supporting all entities in the corporation. And every IT department will advance its accountabilities according to the strategic objectives.

**V. This is Everybody's Strategy**

How many strategic objectives is ideal? I suggest 5 – 8, and ensure they are uniquely positioned to illustrate IT's value add. Further, those strategic objectives, although relatively broad, must correspond to a SMART philosophy. The tactical milestones which align to the strategic objectives will measure progress.

Ensure that each IT department embraces each and every IT strategic objective. The evidence of strategic alignment are in the tactical plans, methods, and the individual goals of IT's departments. The IT Strategy is not for the CIO alone, or for only senior directors. Strategic objectives must be integrated into every team and department, and all IT professionals must recognize their contribution, their support and their commitment to the vision. All strategic objectives are the guiding instruments for ongoing and future IT initiatives, service enhancements, project delivery, supplier negotiations.



Design your strategic objectives to differentiate IT's value:

- IT, *and only IT*, can deliver on these objectives
- These objectives have a direct bearing on the bottom line of the company
- These objectives are designed to position IT and the company for market differentiation
- These objectives provide hard and soft benefits (ROI)
- These objectives constitute a provide clarity on the approach.
- Objectives illustrate an identity and direction, an IT organization that is transformative in nature, adapting to corporate needs

Strategic objectives are not generic platitudes, cut and pasted from one line of business to another; nor are they generic statements of encouragement for working harder.

IT Strategy and its core objectives are the leadership guidance and navigation for transforming and/or sustaining the differentiated role of Information Technology. Your strategic objectives are the pillars of all IT value.

#### **About JCC Executive Partners**

JCC Executive Partners provides consulting to C-level and upper management executives in deriving *and sustaining* greater returns from their business, IT, operational, and strategic investments. Via a trust-based and collaborative approach to assessing a firm's environment and IT strategy, JCC Executive Partners streamlines teams and operations and promotes technology alignment to drive sustained returns.

JCC Executive Partners' practice principal is John Chambers, whose 25 years of professional experience spans diverse IT systems and business management disciplines, project methodologies, quality management techniques, and technology development. Chambers has championed and steered multiple global programs and cross-cultural technology implementations for small and large enterprises.