

# Beyond Aligning Business and IT Strategy

Greta James

# Does All of Your Organization March to the Same Tune?

- Projects with conflicting objectives?
- Business units with inconsistent strategies?
- Resources allocated in an ad hoc fashion?



*Unseen and unplanned conflicts threaten success.*



# Key Issues

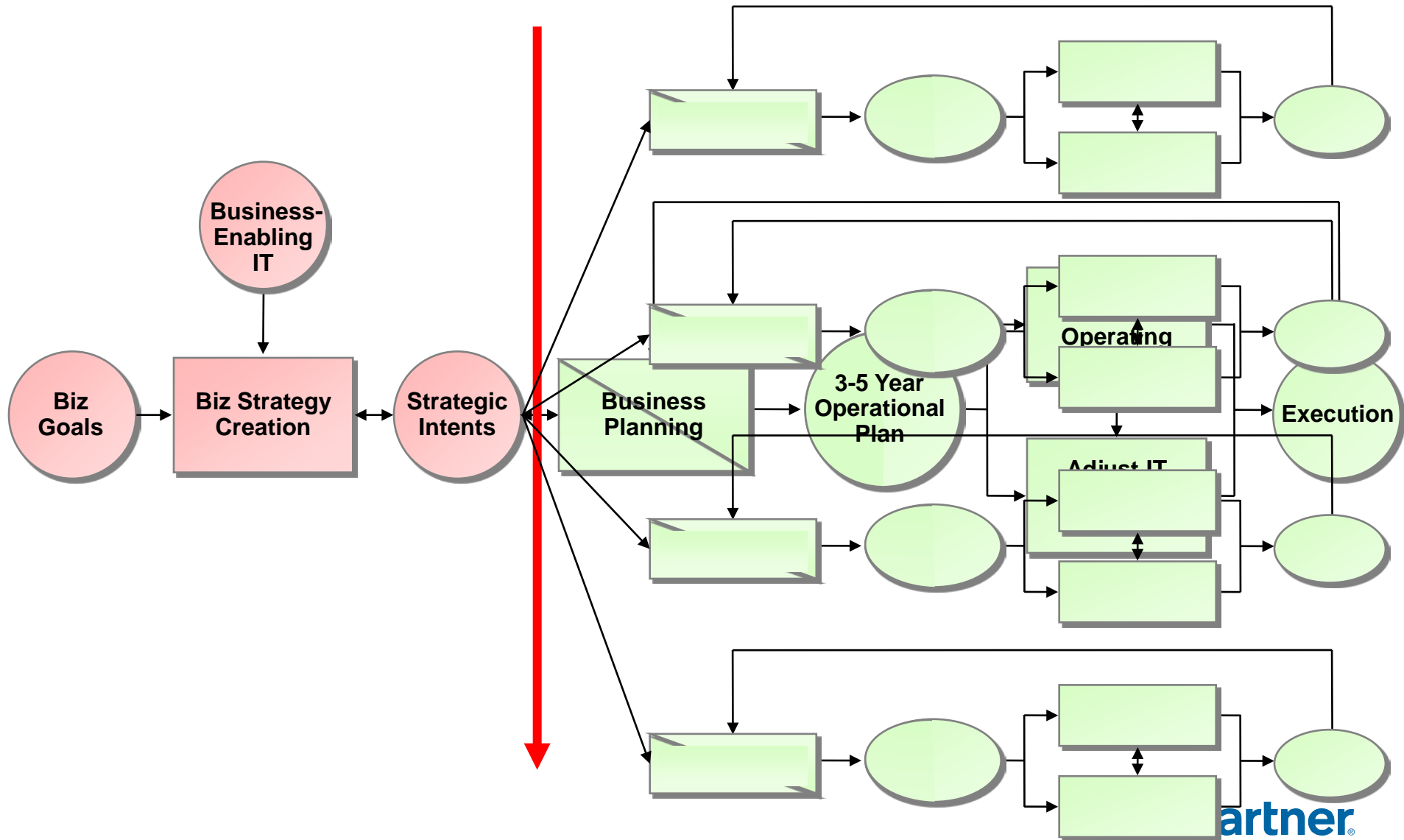
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2. How can a unified (business, EA and IT) approach to strategy increase business impact?
3. How can architects lead a unified approach to strategy and what tools can they use?



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# What Should Happen ... What Usually Happens

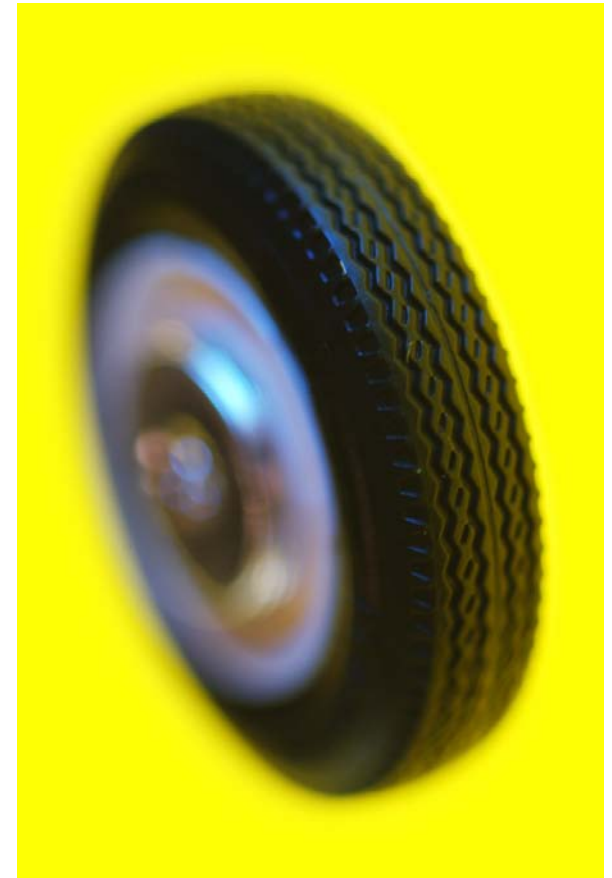




# IT Spins Its Wheels

Due to:

- Wide diversity of technology to support
  - Where the diversity has no business benefit
- Multiple applications performing the same function
  - These need to be maintained and enhanced
- Fragmented and inconsistent data
  - Obstructing a holistic view
  - Uncertain lineage
  - Unreliable currency



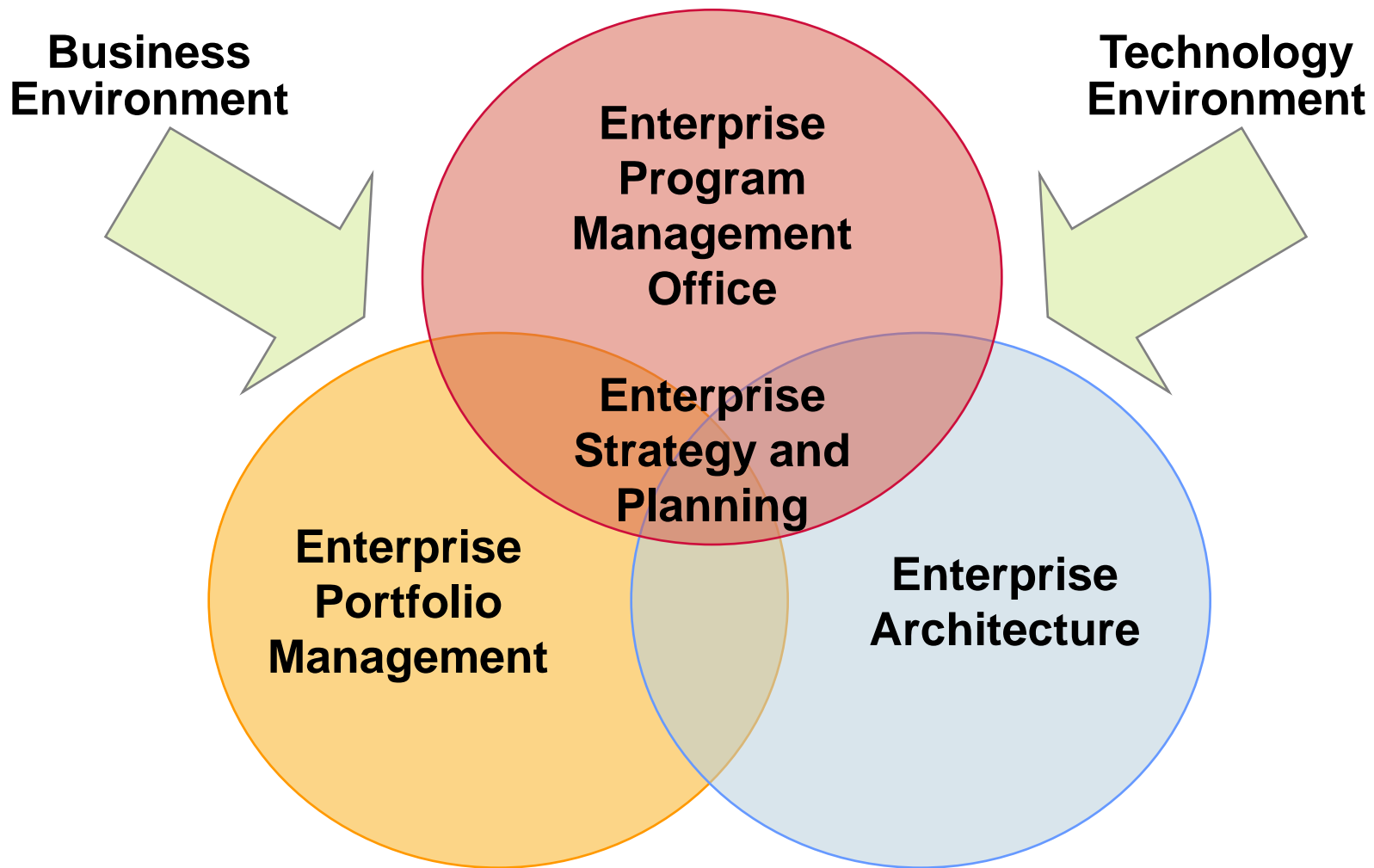


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# Primary Elements of Strategic Alignment



*Value derives from the synergy of three complementary disciplines.*

# Strategic Integration is the Solution

Strategic integration means ...

Taking some concrete steps

1 An *actionable* articulation of business strategy, goals and objectives

Clarify business context with a unified view of *strategic objectives, assumptions and implications*.

2 A standardized, *integrated*, results-based management methodology

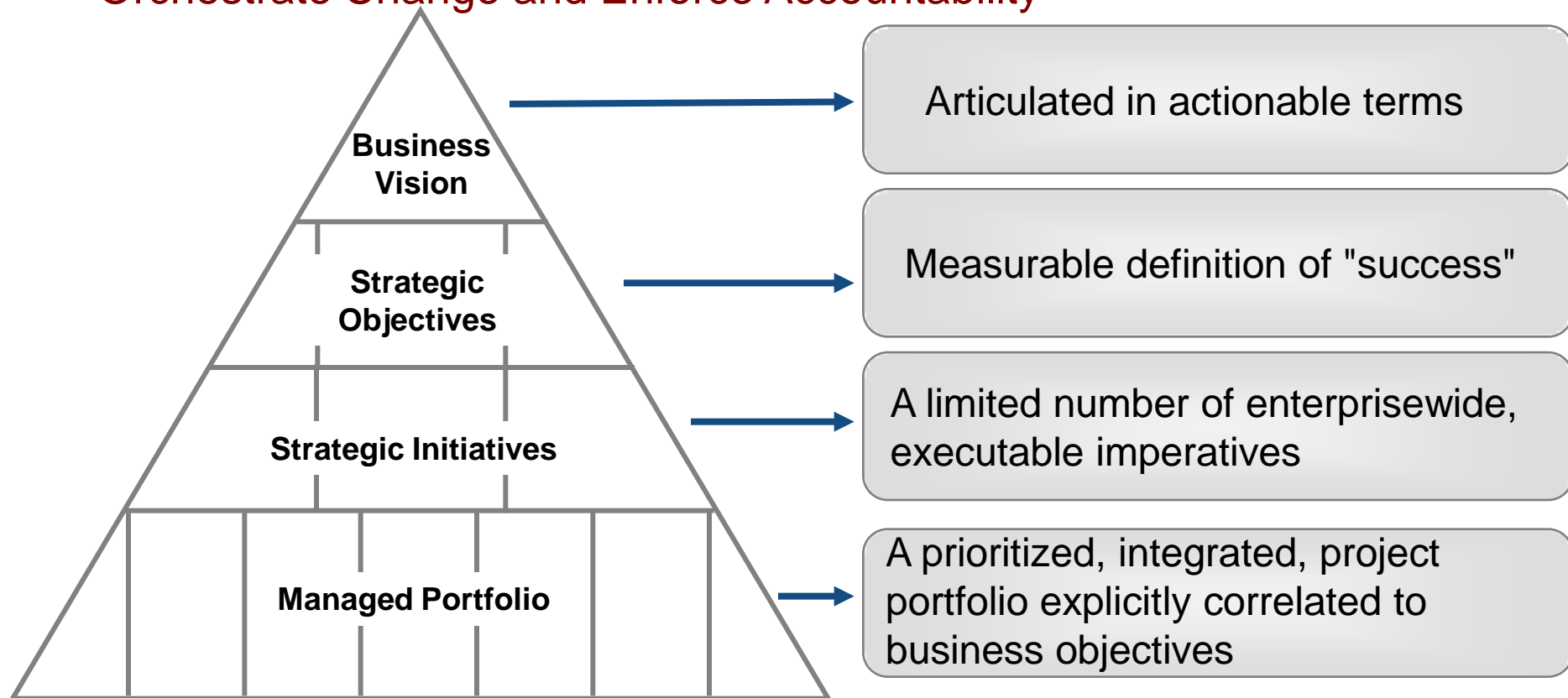
*Integrate and iterate* planning cycles.

3 Exponentially greater *benefit realization* from enterprise capabilities and investments (M x N rather than M + N)

Take an *aspect-oriented approach* to articulating the future state.

# What Business Leaders Must Bring to the Table

- Articulate Actionable, Measurable Objectives
- Create and Participate in Appropriate Governance Mechanisms
- Orchestrate Change and Enforce Accountability



**Identifying Strategic Imperatives and Executing Against Them**

# The Gartner Business Value Model — Making Implications and Assumptions Explicit

**What Is Our Strategy?**

**How Will It Impact Us?**

**How Will We Execute?**

| Business Aspect                       | Aggregates<br>(desired business outcomes) | Primes (leading performance indicators) |                               |                                  |                               |
|---------------------------------------|---|---|-------------------------------|----------------------------------|-------------------------------|
| <b>Demand Management</b>              | Market Responsiveness                     | Target Market Index                     | Market Coverage Index         | Market Share Index               | Opportunity/Threat Index      |
|                                       |   | Product Portfolio Index                 | Channel Profitability Index   | Configure-ability Index          |                               |
|                                       | Sales Effectiveness                       | Sales Opportunity Index                 | Sales Cycle Index             | Sales Close Index                | Sales Price Index             |
|                                       |   | Cost of Sales Index                     | Forecast Accuracy             | Customer Retention Index         |                               |
| Product Development Effectiveness     | New Products Index                        | Feature Function Index                  | Time-to-Market Index          | R&D Success Index                |                               |
| <b>Supply Management</b>              | Customer Responsiveness                   | On-Time Delivery                        | Order Fill Rate               | Material Quality                 | Service Accuracy              |
|                                       |   | Service Performance                     | Customer Care Performance     | Agreement Effectiveness          | Transformation Ratio          |
|                                       | Supplier Effectiveness                    | Supplier On-Time Delivery               | Supplier Order Fill Rate      | Supplier Material Quality        | Supplier Service Accuracy     |
|                                       |   | Supplier Service Performance            | Supplier Care Performance     | Supplier Agreement Effectiveness | Supplier Transformation Ratio |
| Operational Efficiency                | Cash to Cash Cycle Time                   | Conversion Cost                         | Asset Utilization             | Sigma Value                      |                               |
| <b>Support Services</b>               | Human Resources Responsiveness            | Recruitment Effectiveness Index         | Benefits Administration Index | Skills Inventory Index           | Employee Training Index       |
|                                       |   | HR Advisory Index                       | HR Total Cost Index           |                                  |                               |
|                                       | Information Technology Responsiveness     | Systems Performance                     | IT Support Performance        | Partnership Ratio                | Service-Level Effectiveness   |
|                                       |   | New Projects Index                      | IT Total Cost Index           |                                  |                               |
| Finance and Regulatory Responsiveness | Compliance Index                          | Accuracy Index                          | Advisory Index                | Cost of Service Index            |                               |

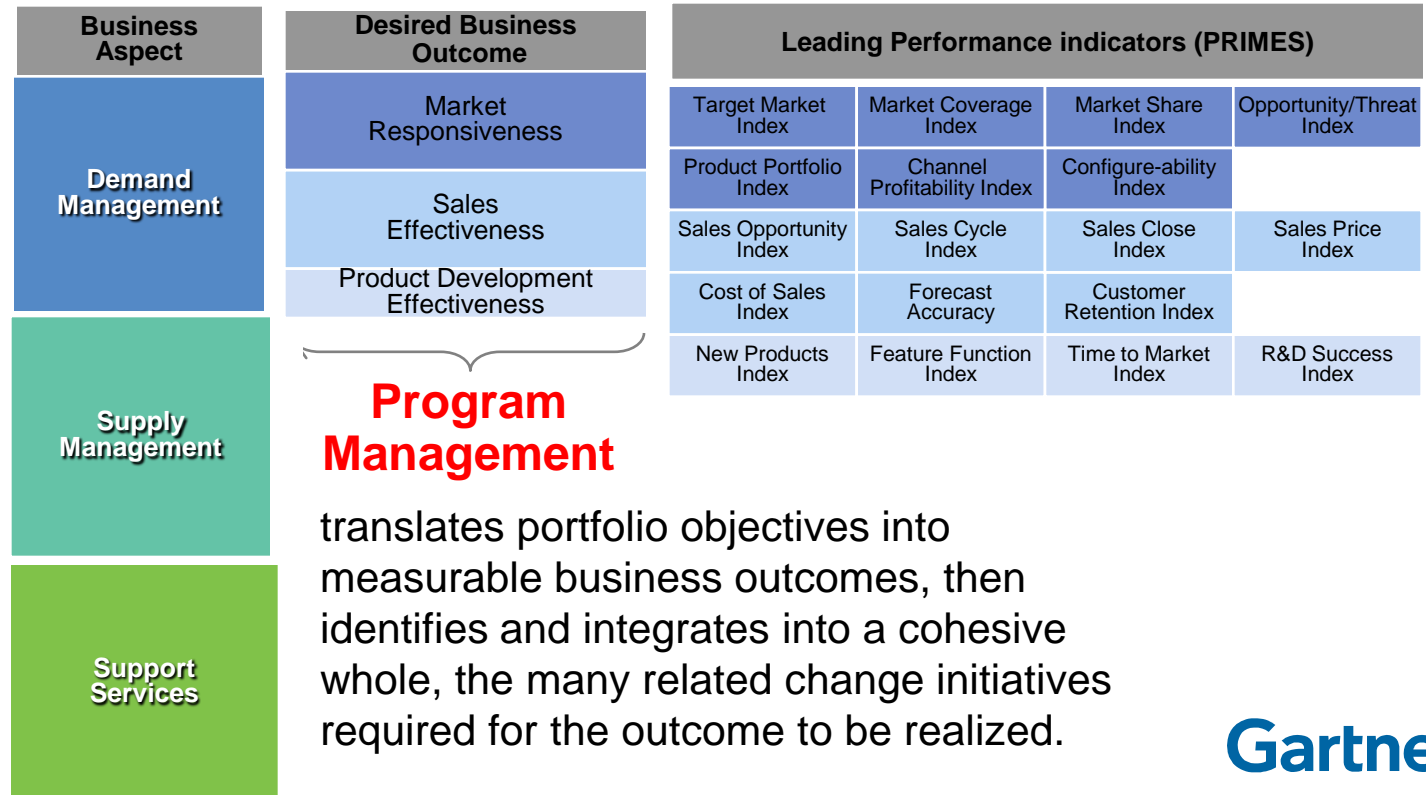
# Use The Gartner Business Value Model for Management Coherence

## Project Management

ensures discrete initiatives successfully deliver the specific performance enhancements (as measured by changes in leading performance indicators) necessary to achieve desired business outcomes.

## Portfolio Management

establishes priorities and allocates resources against the three strategic domains within which an enterprise can effect change.



## Program Management

translates portfolio objectives into measurable business outcomes, then identifies and integrates into a cohesive whole, the many related change initiatives required for the outcome to be realized.

# Make Strategy Explicit

A business strategy is best expressed as the answer to five simple questions:

1. What do we want to do?  
**(What is our business?)**
2. Who do we want to do it to?  
**(Who are our customers?)**
3. Where do we want to do it?  
**(What is our geographic reach?)**
4. When do we want to do it?  
**(What time frame are we talking about?)**
5. How do we want to do it?  
**(Five or six bullet points that define how we are going to achieve our goals.)**

**A strategy articulates a vision or an objective and bounds the options for attaining it.**

# My Enterprise Doesn't HAVE a Business Strategy

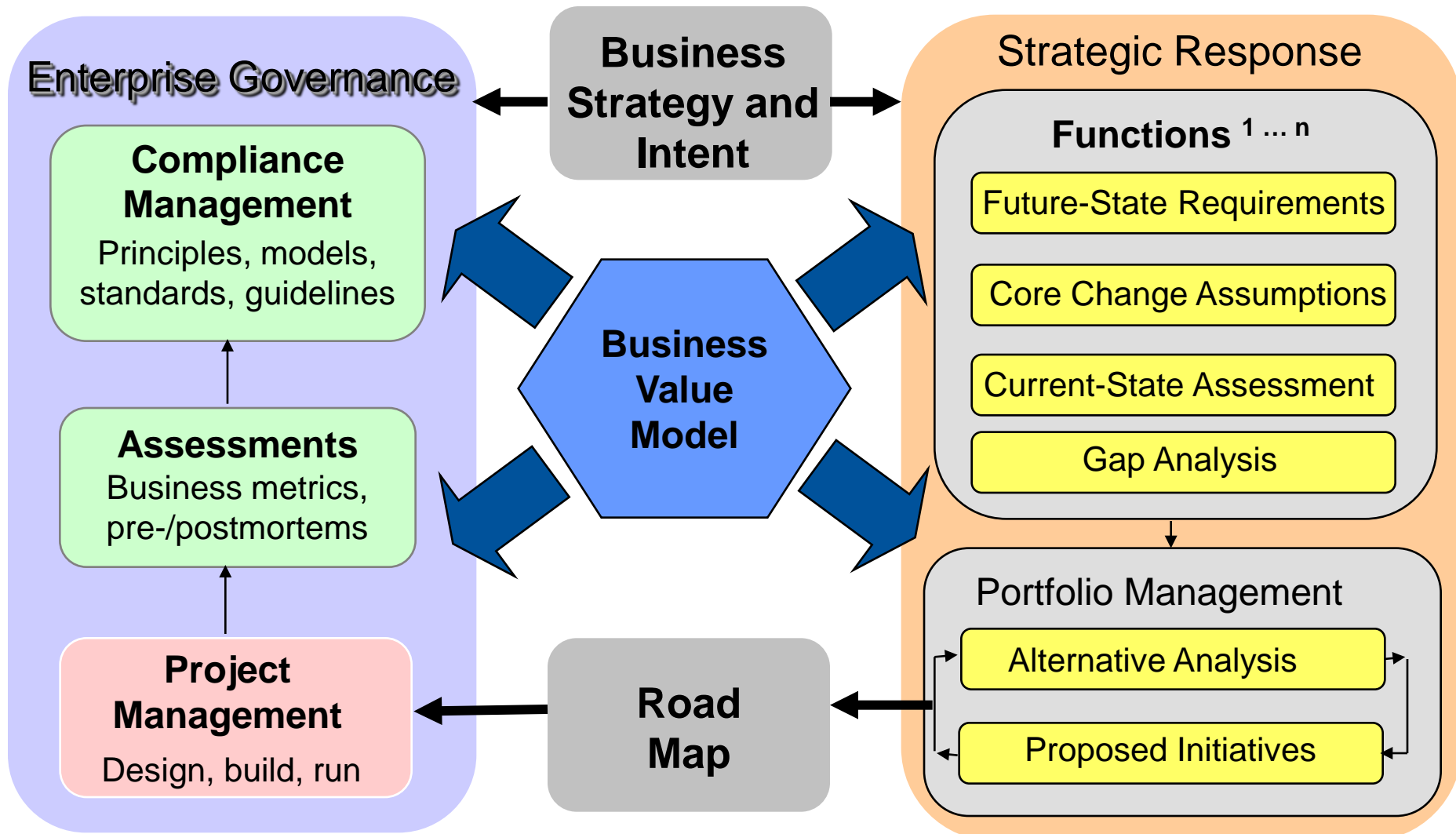
## Yes, It Does

At the end of the day, the important part of the business strategy is the four to six things that the enterprise wants to do differently to be more successful:

- Target high-growth markets
- Attract high-value customers with comprehensive online services
- Deepen the customer relationship
- Grow through mergers and acquisitions

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# Where Governance Fits





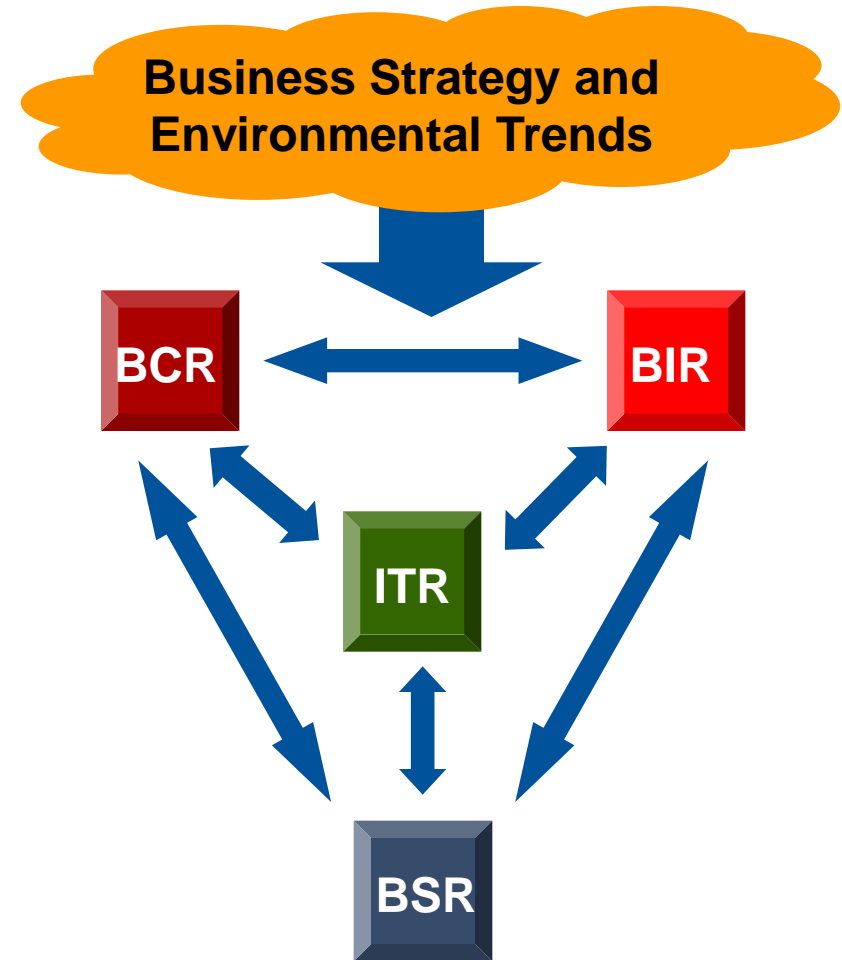


# Key Issues

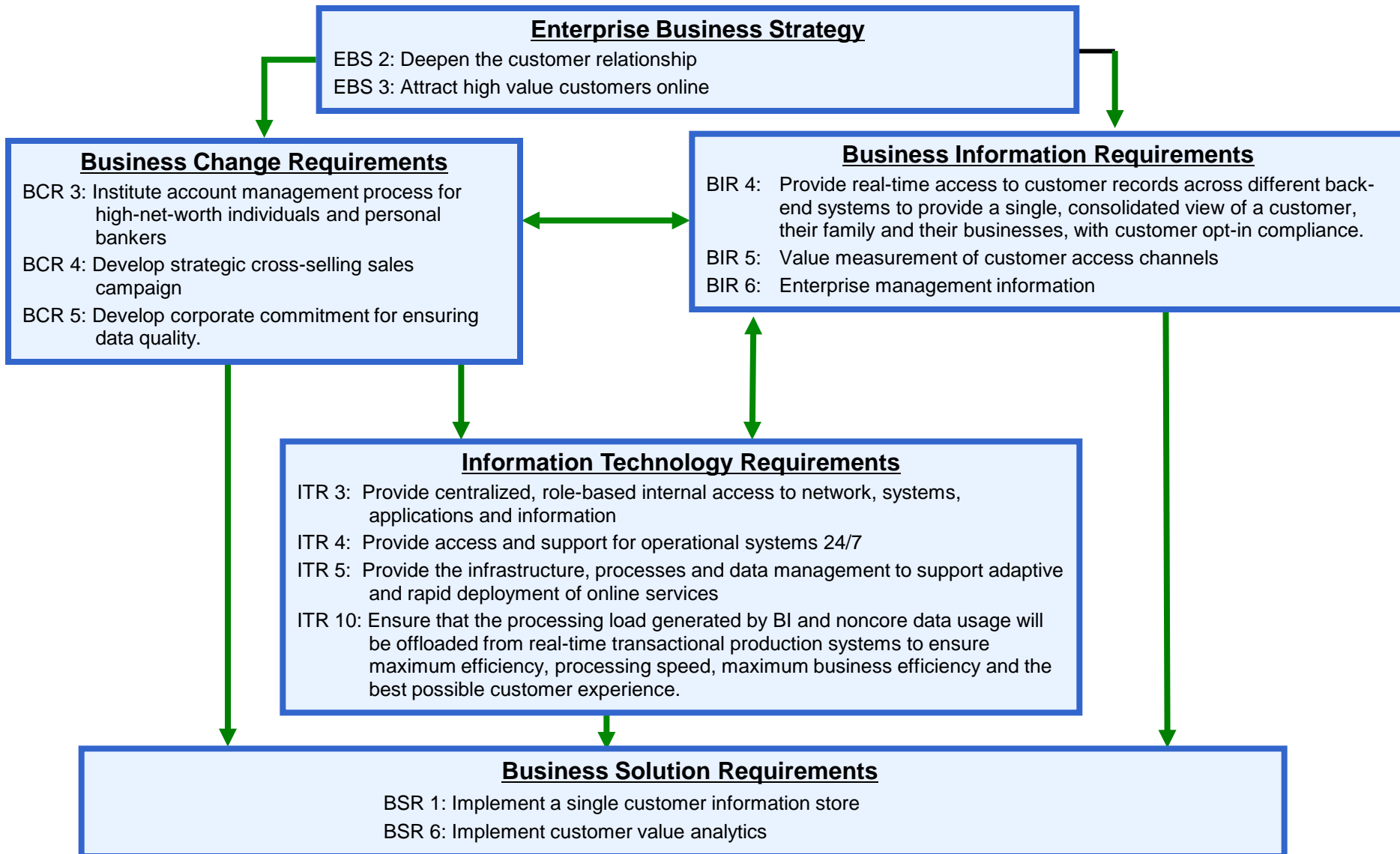
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# Create a Common Requirements Vision

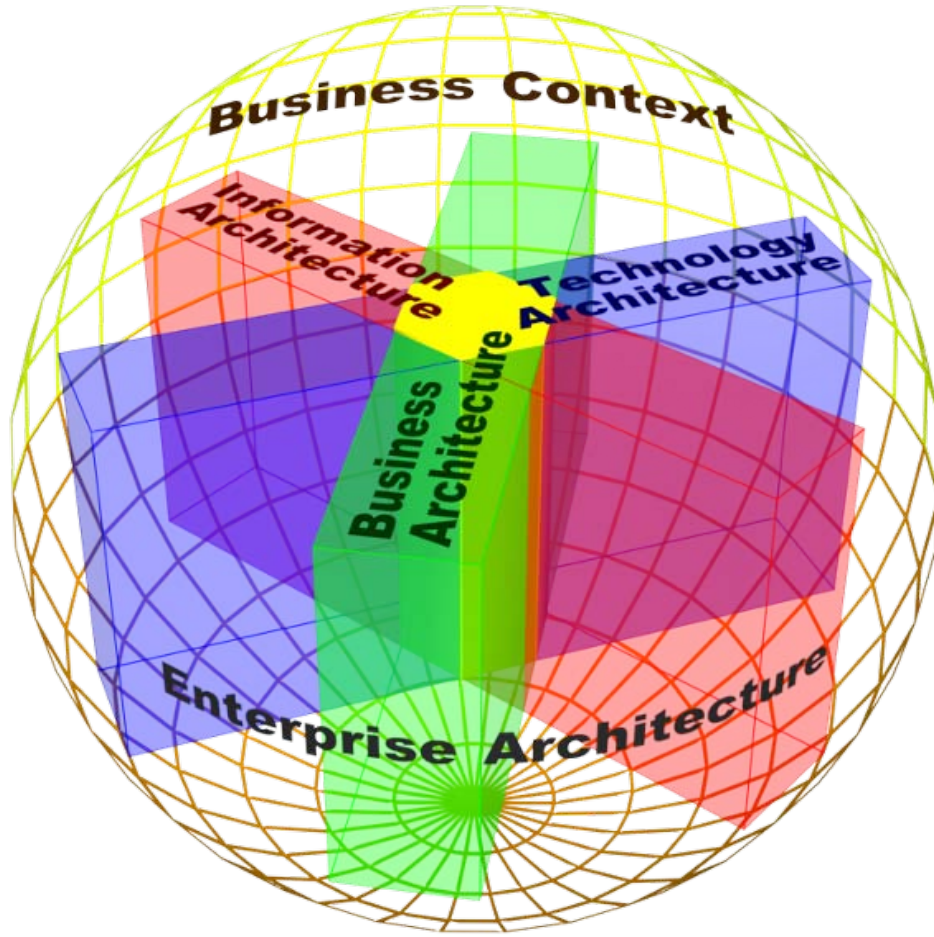
- Conduct environmental trend analysis.
- Identify business strategy.
- Validate the most important strategies.
- Ask questions about the intent of these strategies to identify needed changes to processes, IT and solutions.
- Articulate strategic requirements to satisfy business strategies.
- Validate strategic requirements.



# An Example of a Common Requirements Vision

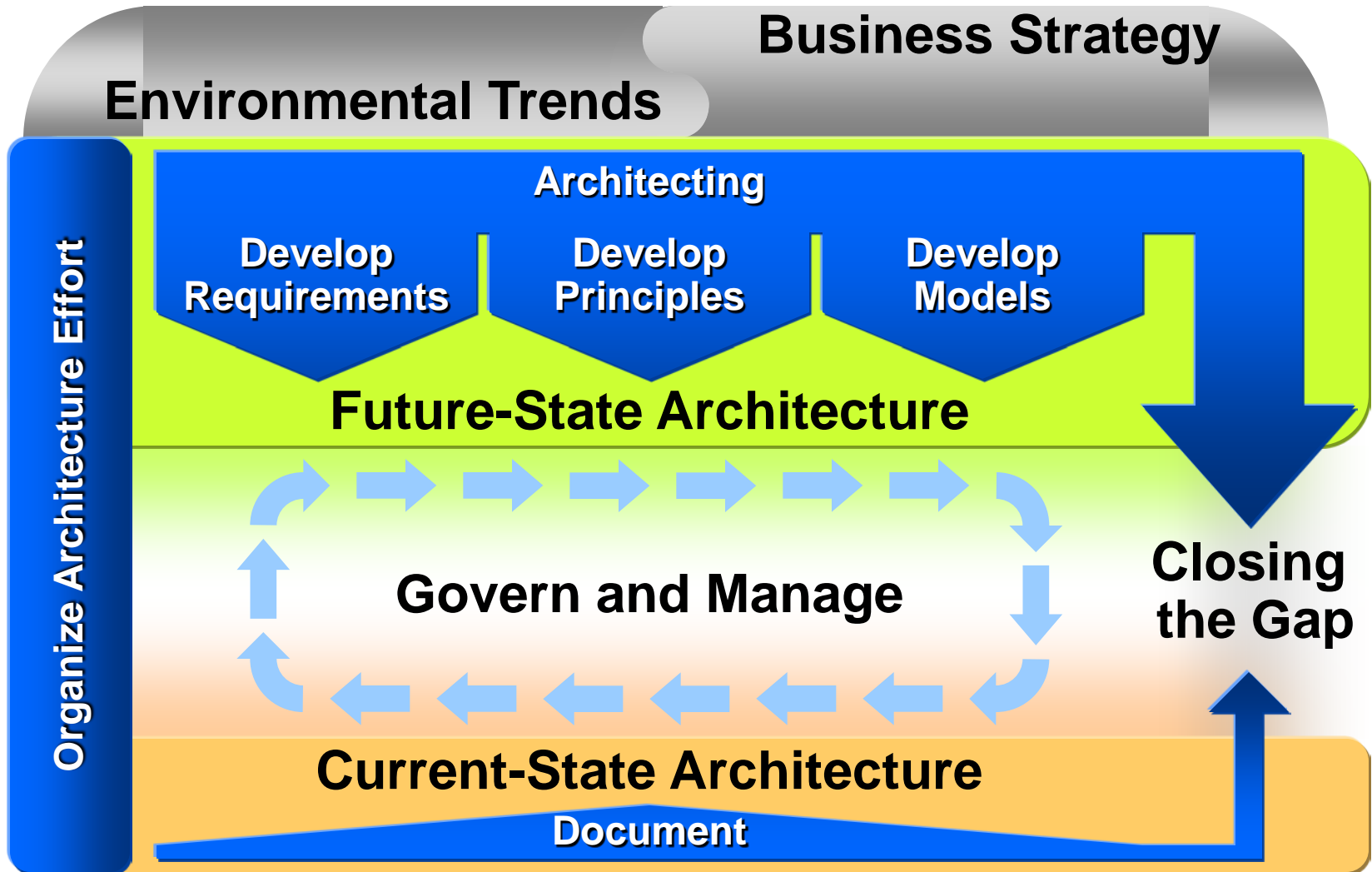


# EA Contributes to a Holistic View



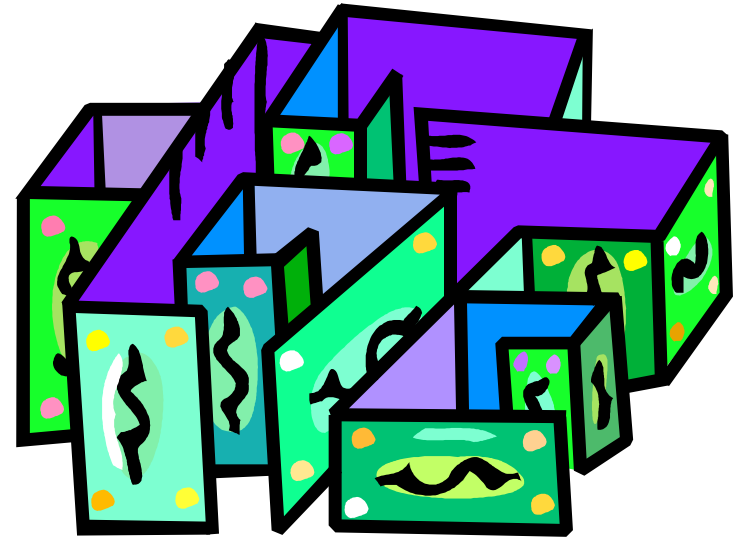
- What end-to-end business processes should we have?
- How might we harmonize similar business processes?
- How should information flow?
- How might information be better shared?
- Can we reduce the redundant applications and technologies?

# Key Processes in an EA Program



# Link EA to the Common Requirements Vision

- Trace each EA deliverable back to one or more requirements
- Facilitates appropriate business decisions on waivers
- Demonstrates the benefits of EA
  - Effective communication is the hallmark of successful EA programs
  - EA's contribution to the implementation of the business strategy is a critical element of this



# Use EA to Reduce Costs

- EA provides the holistic view to better anticipate the ramifications of proposed cuts
- Reduce the diversity of information, applications & technology
  - Negotiate deeper discounts with vendors
  - Reduce the number of support staff
  - Make developers more productive
  - Reduce the amount of storage



# Action Plan

- ✓ Identify your enterprise's actionable business strategy
- ✓ Ensure that there is a coordinated response to strategic intent.
- ✓ Use Gartner's Business Value Model to coordinate responses to strategy, prioritization of activities and measure the results.
- ✓ Use governance to build a coordinated approach to integrated strategic planning and execution.



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