Running IT Like a Business

## How to Transform IT From a Cost Center to a Competitive Advantage

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IT IS AN INTEGRAL COMPONENT of any organization for which product delivery and customer experience depend on technology. Reaching new levels of success as an IT organization – and as a business overall – may rest on this internal group behaving more like the business units it supports. In other words, IT must become a business within a business.

What can IT learn from its business counterparts? Let's borrow four key capabilities from the business world and look at how they can transform IT.

1) PRODUCT QUALITY: Up-to-date, high-functioning solutions that meet business needs.
2) OPERATIONAL EXCELLENCE: Active ongoing service and support, delivering value at every interaction.
3) CUSTOMER RELATIONSHIP MANAGEMENT: Investments in long-term client relationships to build understanding, confidence, and mutual respect.
4) INNOVATION: Forward-thinking, creative ideas for adding value through technology.

TECHNOLOGY OPTIMIZATION
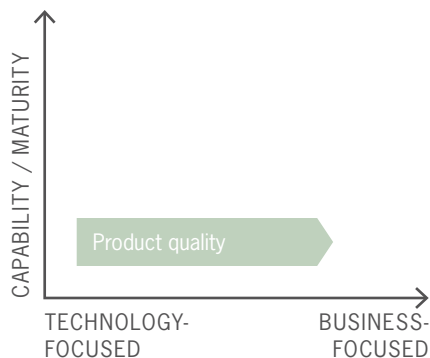
An organization should expect those four things from any of its business units, and IT is no exception if it is to deliver the best possible business value.

PRODUCT QUALITY

It is not uncommon for rapidly growing businesses to encounter serious problems within the development environments of their internal IT departments. Things that used to work just don't anymore. Communications break down; old processes fail; schedules slip; costs rise; defects abound; IT quality suffers; and business is impacted. Even heroic efforts by the best people can no longer make up for the deficiencies in the development process.

As the demand for technology grows and teams become larger, ensuring product quality depends more on implementing standard development methodologies. Organizations should adopt formal methodologies that are both easily repeatable and readily adaptable to changing business conditions. It is critical that all teams in the organization have a thorough understanding of each method and the discipline to apply it consistently. Standardizing the way people work is no small exercise – a mature organization would likely invest significant time and energy into methodology development and adoption. The most advanced IT organizations often have multiple methodologies in their repertoire and choose the most appropriate one for each circumstance.
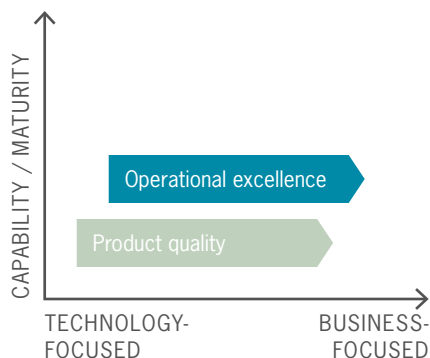
OPERATIONAL EXCELLENCE

The ability to deliver high-quality output is a fundamental capability of today's winning IT teams, but it isn't the only one. Business executives consistently want "more for less" from their IT investments, and IT leaders often struggle to find ways to improve the performance of day-to-day operations without incremental spending. (This challenge is further complicated by the traditional way that IT budgets are structured. The expression of things like "data center operations" in business-value terms can be a nearly impossible task, thereby rendering business sponsorship for improvement investments virtually unattainable.)

One modern enabler of operational excellence is the adoption of a service orientation, which positions IT to improve both real performance and the associated relationships with internal clients. The development of a service catalog, in which IT documents the breadth and depth of services delivered, is often the first step down the path of operational improvement. This approach enables IT
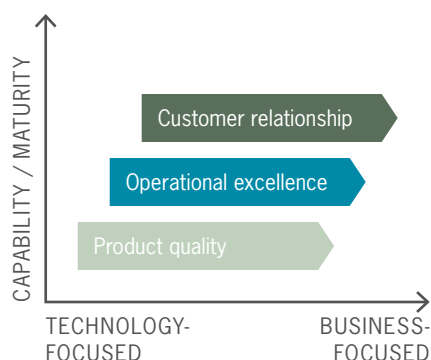
to associate both costs and performance metrics to its services, giving them much more meaning in business-value terms. Once established, the services and associated service level agreements form the baseline for ongoing IT operational improvements that business clients can more readily understand and support.

CUSTOMER RELATIONSHIP MANAGEMENT

This speaks to the heart of running IT like a business. Rather than operating simply as order-takers, IT organizations should invest in building long-lasting partnerships with internal clients.

Appointing dedicated account managers creates a liaison between IT and its customers; the account manager is the face of IT to the client and the voice of the customer back to the larger IT organization. Because account managers are the hub for information flow between the two organizations, they must have credibility and command respect in both worlds. It may be most effective to establish these resources as part of a new organizational structure. Over time, this role can become one of the most important positions in the IT domain.

IT organizations that excel in this area are viewed by their business clients as partners who understand the needs of the business and who proactively look for opportunities to add value and solve problems.
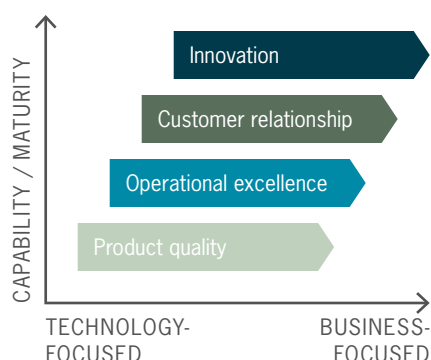
INNOVATION

Having mastered the first three foundational elements and earned the respect of their clients, IT can then move into an entirely new position – that of a business innovator.

An IT organization that keeps up with technology trends and best practices can combine its internal understanding with a wider worldview and bring fresh perspective to business situations. Spending real time and energy developing independent, fresh ideas adds value to the business as a whole. Technology-enabled innovation from IT can take many forms – new products, process improvements, customer service enhancements, and cost reductions. IT is uniquely positioned as an insider that understands the current business and can create new tech-enabled ideas that break through perceived barriers.

Truly innovative IT organizations move beyond the position of service provider to one of a trusted strategic collaborator…

GREATER SUCCESS, NEW PERCEPTION

IT doesn't have to be perceived as purely a cost center. Implementing the four elements outlined here is a process that develops over time as IT evolves to deliver quality output, operational excellence, strong relationships, and bold ideas. Truly innovative IT organizations move beyond the position of service provider to one of a trusted strategic collaborator that helps drive the ongoing growth and prosperity of the overall business. Indeed, IT can and should be seen as a critical business partner in any organization.

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