



White Paper: does my business require a discrete IT strategy?



Synopsis

There is a school of thought that suggests that any business only requires a single strategy and that functional or departmental strategies are an unnecessary complication. There are however factors that might trigger a reassessment of this single strategy approach for your business.

Key takeaways:

- The decision is not clear cut and depends on a number of factors
- If a discrete IT strategy is developed, it must be tightly coupled to the business strategy
- There are internal and external events that might change your perspective on the need for an IT strategy

Introduction

Much has been written about what makes a good strategy and there are a wealth of readily available templates and processes that enable businesses of any size to construct one. Many will argue that elements such as a vision, a mission statement, a set of strategic objectives and a means to measure and track progress are amongst the important dimensions of any strategy. Once defined it is typically then the role of the impacted departments and functions (e.g., sales, operations, finance, HR, technology, etc.) to put flesh on the bones and develop a time-bound set of often interdependent projects and initiatives that describe how they plan to deliver the strategic objectives of the business.

This is all well and good, but is it enough? This paper contends that the pivotal role information technology plays in the success of many businesses in the 21st century may require reconsideration of the single strategy approach for your business.

Role of information technology in your business

We can broadly categorise any business in to one of three types when it comes to the role of technology:

- **Technology supported** - this characterises the most basic use of information technology within a business and typically refers to straightforward automation support for business processes. Technology is likely to be treated as a commodity with lower cost-to-serve a primary consideration in making technology decisions. Technology is unlikely to play a differentiating role in the service offering to customers. A traditional, asset-heavy haulage company might be an example of this category.
- **Technology enabled** - moving to the next level of information technology sophistication, for technology enabled businesses we are likely to find innovative customer offerings or internal business support capabilities that go beyond simple automation. Although these businesses may not sell information technology per se, it likely forms a critical and often differentiating part of the customer service offering. Investment in technology balances cost to serve with value-added return on investment. An online retailer might be an example of this category.
- **Technology led** - at the highest level of sophistication, information technology forms all or part of the primary customer offering and is a key differentiator for the business. Investment in technology is an intrinsic part of the business's products and services. A software company might be an example of this category.

For a **technology supported** business an IT strategy may cause unnecessary complication, however alignment on this limited role of IT should be tested and validated with senior stakeholders. For this type of business IT must still own the relevant dimensions of the plans and initiatives underpinning the business strategy.

For a **technology enabled** business there may be value in developing an IT strategy to focus on those areas where differentiating IT capabilities are expected. For example, in our online retailer example on the end consumer order entry and tracking experience. Innovation is also likely to play an increasingly significant role for IT that should be reflected in the IT strategy.

For a **technology led** business it is reasonable to expect that as IT is an intrinsic part of the customer offering, a discrete IT strategy may be irrelevant as it will be fully encapsulated within the business strategy.



It is important to note that the category into which your business falls may be fluid as the products and services offered evolve or as, for example, increased adoption of digitalisation takes place.

Technology maturity of the business

Tightly coupled to the previous topic, the level of IT maturity in your business can be a consideration in deciding whether to develop an IT strategy. In an IT-savvy, digitally native business where IT is already likely to be embedded in the business strategy as well as each function or departments project and initiatives, a discrete IT strategy may be less helpful. For more traditional business where the IT and digitalisation possibilities are less familiar to many stakeholders, it may be worth drawing these out separately.

The influence of internal or external events

A further consideration would be whether there are internal or external events that have or will change the perspective on the need for an IT strategy.

One of the most disruptive events to any business is the process of acquisition or divestment. This process inevitably changes the stakeholder community and having an IT strategy both can help communicate what can often be a complex and difficult to understand topic as well as helping to clarify any changes to the business direction. It is likely to be one of the documents requested in any due diligence exercise and getting ahead of the process can be beneficial for a number of reasons. A similar driver can be a change in IT leadership where the incoming leader is both trying to first understand and ultimately reshape the IT environment.

An example of an external event might be a significant change in how products and services will be delivered such as that recently encountered with the COVID-19 pandemic. Amongst other things this generated a massive transition to online engagement and remote working which fundamentally changed the demands on IT for many businesses. In this case an IT strategy can prove useful for use with a variety of stakeholders to illustrate the changed landscape or direction.

An example of an internal event might be an historic IT failure where a short-term, siloed, or simply no longer fit for purpose approach has been identified as the root cause requiring a different, perhaps more strategic approach to be adopted with an IT strategy as the 'compass point'. This can be important to reinforce to key stakeholders the reasons for change and investment needs.

The inexorable rise of 'citizen IT'

The days of discrete, easily identifiable IT organisations (or at least those people with an IT dimension to their role) within many businesses is long gone. The increased prevalence of everything as a service, availability of apps, cross-functional squads, not to mention software vendors selling services outside of IT governance have all facilitated a not unwelcome democratisation of IT. This does however mean that it can be harder to ensure that the strategic direction, goals, and objectives of IT are maintained. In this scenario it may be useful to develop an easily understood IT strategy that helps facilitate this and ensure good corporate IT governance is maintained, particularly considering areas such as increasingly demanding GDPR legislation.

Conclusion

While few would disagree that a business should develop a clear and coherent strategy which must be centred around the value proposition to the end customer, the author's contention is that there are situations where a tightly coupled but discrete IT strategy may add value to your business.

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