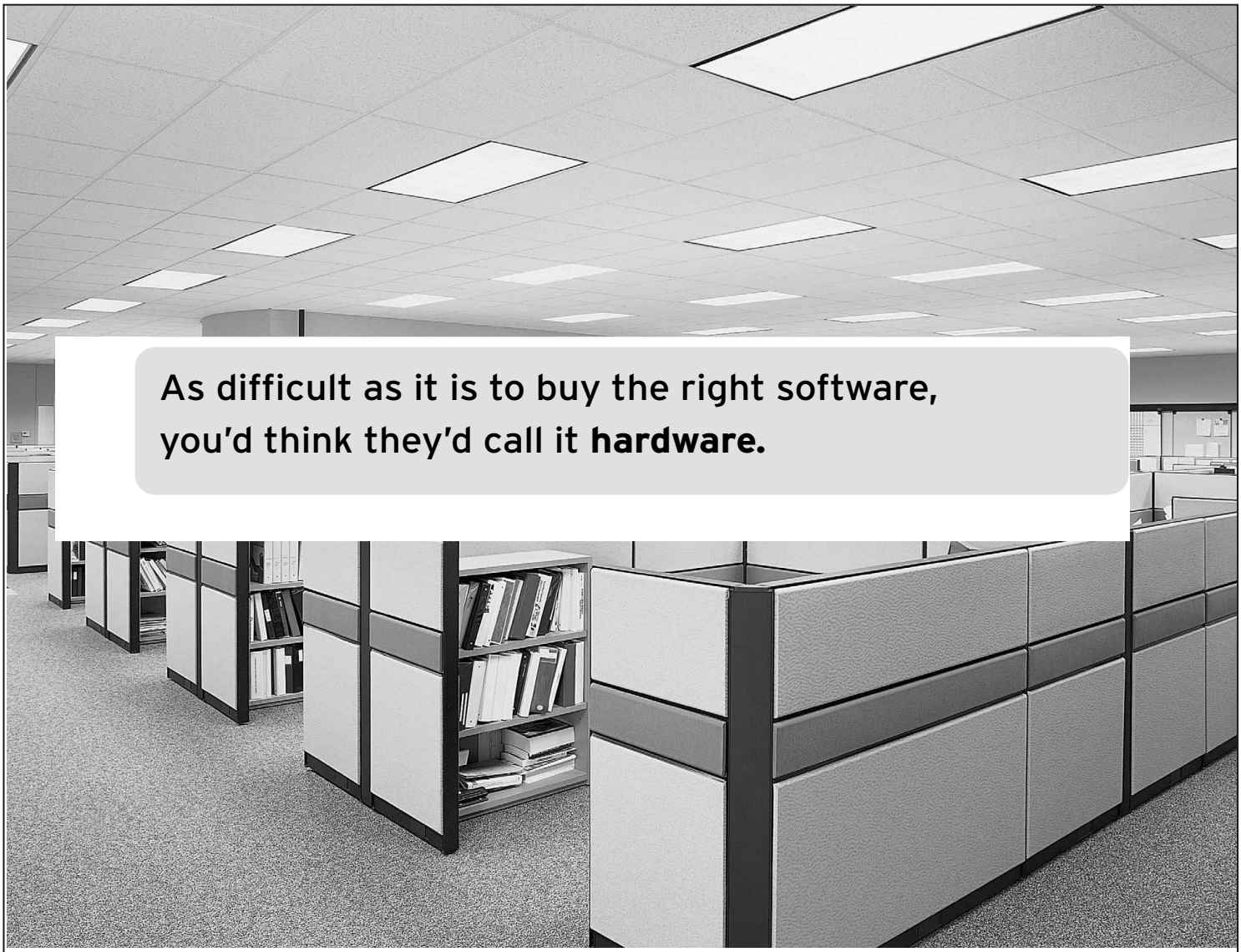
2004

BOOK

Baltimore smart CEO

Required Reading for Growing Companies



As difficult as it is to buy the right software, you'd think they'd call it **hardware.**

If you're like most businesses, there's only a 30 percent chance that your next technology purchase will be delivered on time, come in on budget and provide the value to your company that it should. That's because it's not enough to be experts in using or developing technology; you have to be experts in specifying it and purchasing it.

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10 Decisions and ACTIONS for Every Technology Project

There are a number of questions to think through before you will get what you need —- and get your money's worth —- from technology. Use these 10 decisions and actions to guide your technology implementation.

1. ASK: What is the role of information in your business? How does your business use information?

UNDERSTAND: This is an operational question. Can you effectively articulate your business in terms of the information it uses every day? Who uses what information and what do they do with it? Describe what you want technology to do with that information.

DO: Perform an internal process analysis before seeking a technology solution. IT only moves information. Figure out what information to move and what is done with it before you make a technology decision.

2. ASK: What is the role of technology in your business? What part of your business' strategy depends on technology?

UNDERSTAND: This is a business strategy question. What is technology going to let you do? "More with less?" Improve quality? Add to your services and capabilities? Provide business intelligence to executives? All of the above?

DO: Look at your business' strategic plan and see how much of it could or already does rely on technology. If you don't already have one, create a technology strategy section to your business plan.

3. ASK: What are you trying to accomplish with technology? Do you have a well-defined need for technology?

UNDERSTAND: Technology must help you do something you can't get done with what you have. Don't jump to the conclusion that technology will "solve your problems" if you haven't yet put your arms around what that problem is. Technology needs to have a specific purpose and instructions so that it can address the business' needs.

DO: Figure out what you need technology to do for you first. Simply installing it doesn't help much and can actually hurt.

4. ASK: Are your current business processes effective/efficient? Technology can do great things, but if a business process doesn't work before you implement technology, automating your process won't fix it.

UNDERSTAND: This question is a good sanity-check of whether you've got the previous questions right. Automating a broken process will only make that broken process happen faster and/or more often.

DO: Make sure your business process would work correctly whether or not they're done with IT.

5. ASK: Is your business ready for technology? If technology is going to solve specific business needs, are you ready for the results?

UNDERSTAND: If technology solves one problem, does it create a bottleneck somewhere else? If technology solves inefficiencies in the order taking process, could your business keep up with the increased orders? You may need to adjust your operations.

DO: Prepare everyone that will be impacted by technology for likely procedural changes that will take place once it is deployed.

6. ASK: Will the technology accurately reflect how work gets done? Are you optimizing the right business metrics?

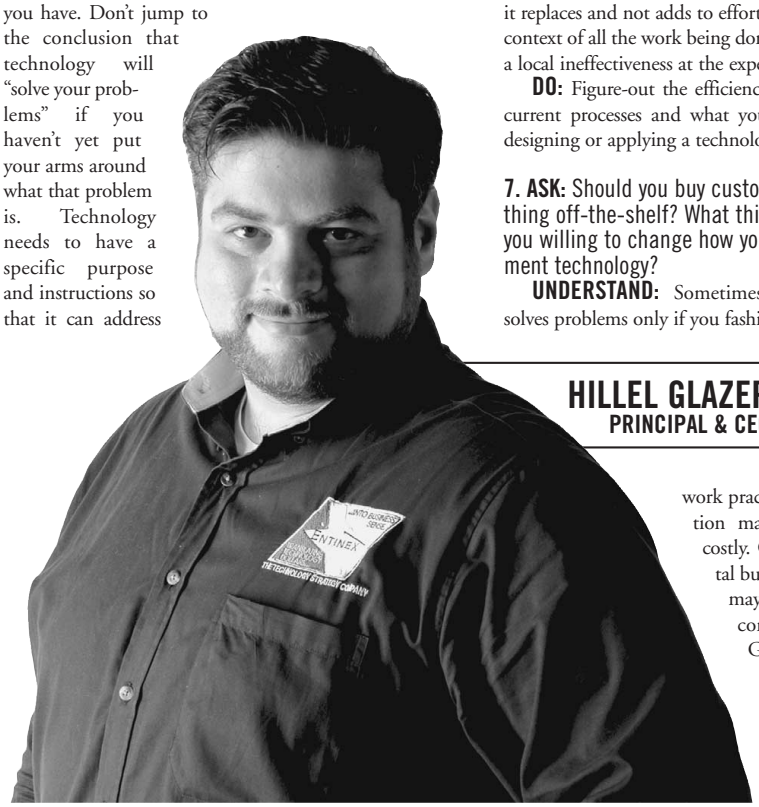
UNDERSTAND: Have you addressed the relationship between efficiency (uses time/money well) and effectiveness (does the job well). When you install technology, make sure it replaces and not adds to effort. Look at technology in the context of all the work being done, not only towards solving a local ineffectiveness at the expense of wider efficiencies.

DO: Figure-out the efficiency and effectiveness of your current processes and what you want them to be before designing or applying a technology solution.

7. ASK: Should you buy custom technology, or something off-the-shelf? What this is really asking is: are you willing to change how you work in order to implement technology?

UNDERSTAND: Sometimes off-the-shelf technology solves problems only if you fashion your business around it. This may save you capital assuming the only alternative is a custom system. If you are not able/ready to alter work practices, the off-the shelf solution may be more complex and costly. Companies without a capital budget for custom technology may not have a choice yet a compromise can be tricky. Going with the 'buy' decision can incur a recurring operational costs paid in employee hours.

DO: Evaluate all the costs involved including employees' time and materials, not just the cost of the product. A complete technology plan includes how you will afford it and whether you can afford *not* to do it. Don't settle for whatever you can afford right now and don't make technology decisions on available funds alone.



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8. ASK: Will the technology solution scale with your business? If technology works well at your current level of activity, then you want it to work well at higher *or* lower levels of activity.

UNDERSTAND: A common mistake when specifying technology is to look at the constraints and limitations of your business as they are today and apply them to what technology will do. The same mistake is made when only looking to solve business needs as the technology looks today. Either scenario stalls a business and causes your technology investment to be sunk.

DO: Even if you don't pursue them, think of long-term value-added products or services your company can pursue if it had the technology it needs. This will get you thinking on how far your solution will take you.

9. ASK: How much and when do you expect a return on investment (ROI)? A technology investment must somehow pay for itself. The questions are how, how soon and how much?

UNDERSTAND: If there isn't a clear gain to the business (and realized very soon!) then go back through the list and re-visit some of the earlier considerations. A business must be able to see something for having invested in technology. If the ROI is too far away or too hard to calculate, then the need has likely not been clearly defined, the roles have not been cleanly delineated, or something else on this list is amiss.

DO: Identify the cost of doing business now and the cost savings potential of those activities. You could also look at this as increased capacity, more focused R&D or marketing, or as new products and services. These will determine your ROI.

10. ASK: Of all the business problems technology can solve, different technologies that can solve the same problems, and vendors that will sell you any one of those technologies, how do you pick the right vendor with the right technology, solving the right problem? What do you tell them?

UNDERSTAND: Do you have a way to communicate to potential vendors what your business needs in terms they will understand — while ensuring you don't misrepresent your business' needs? Does your description communicate enough information to accurately estimate when it will be delivered and how much it will cost?

DO: Take time to write out expectations that outline, in business terms, what you are looking to accomplish. Use the above questions as a way of describing what you want. Base your vendor decision on how they respond to your needs, not on who shows you the lowest price.

FINALLY: This list is admittedly incomplete. There are more questions that need to be answered. Nonetheless, don't move forward until after considering at least this much. Cost-efficient and productive technology projects are those that keep a steady pace and allow technology to make progress without languishing in protracted decision-making. It's best to have these decisions made before you begin.