It's all too easy for an IT project to lose its business focus and get lost in a maze of technology • A value map can rally the troops, says Peter Franklin

All aboard

All for one: company-wide buy-in is essential for an IT programme to be successfully implemented

Information technology can clearly deliver success. But we take these successes for granted – we just expect things to work. From the supercomputers used to analyse geological data to enable us to extract the oil and gas our society needs, to the new internet businesses such as eBay and Amazon, IT works and delivers business success.

However, stories abound of failed implementations. Perhaps worse, we often hear of implementations where the IT works but costs a fortune and delivers little if anything in terms of business benefit. If we look at specifically at utilities, even today the energy consumer watchdog, Energywatch, is taking the sector to task about the inadequacy of its billing systems and processes.

To date, IT has shouldered the blame for the failures. After all, it is the IT projects that have failed. However, if we sit back and reflect on where the blame should lie the picture is far less clear cut.

It is a fact that IT in itself does not deliver business benefit. To get business benefits, a raft of initiatives needs to be addressed alongside the IT. These encompass:

- People. If users view a new IT system as a negative change, they will ignore it as much as possible. Systems may be specified correctly, but if no-one uses them the way they are meant to, the expected benefits simply fail to appear;
- Processes. Fully automated, but inappropriate, workflow designs are unlikely to deliver the desired benefit;
- Organisational structure. An organisational design that does not support the desired changes will diminish returns.

Furthermore, these are not independent. They need to be managed as a whole and integrated with the IT initiative.

This is textbook stuff, but how many organisations run their businesses as a fully integrated suite of change programmes geared to delivering maximum business benefit? In my experience, very few.

It is not that it cannot be done. It is just that it is complex and difficult. So each part of the business does its own thing, with some lip service paid to following an "integrated approach". While major business transformation programmes, often supported by major consultancies, can bring a holistic change plan to bear, business as usual does not.

The danger is that IT becomes separated from the business. An initial business idea is translated into an IT specification. The IT department then goes ahead with developing and implementing the system. Even if the business is involved in testing and approval, all too often the project gains its own legitimacy as an IT project rather then a business project.

Does your organisation have large IT programmes – a new billing system called "x" or a workflow management system called "y"? If the answer is "yes", you have a problem. You will have witnessed a business change project becoming an IT project – and with it the diminution or even elimination of business benefit.

This has to be the case, since as an IT project or programme gets a life of its own it is no longer an integrated business change programme. The business and IT have become separated. The absence of a joint recognition that an IT project is in reality a business project leads to the business not fulfilling its part of the implementation – and from that flows the lack of business benefit delivery.

This is hardly the fault of IT.

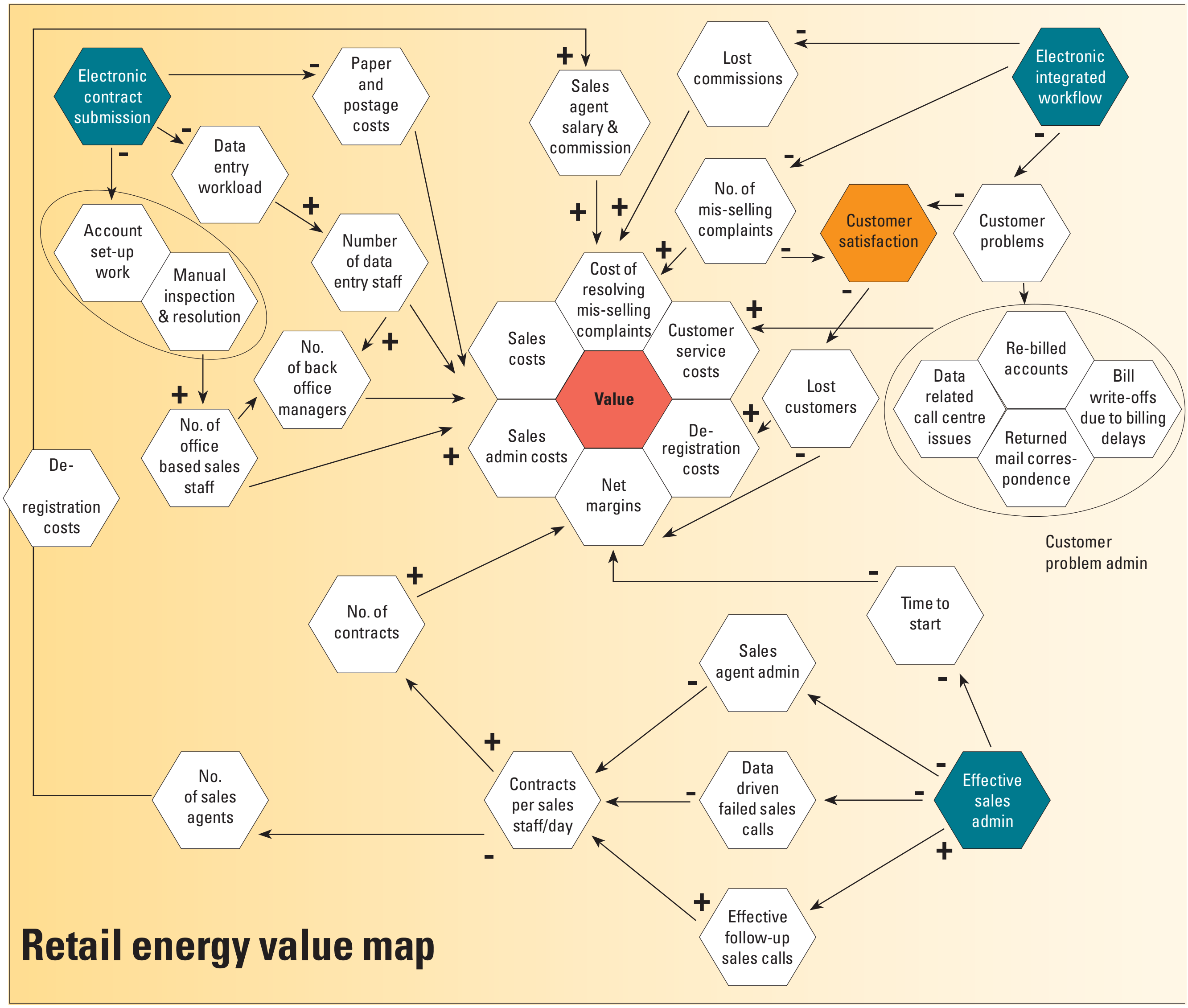
When one part of a business is trying to change, it has an impact on other parts of the business. It is the sum of these impacts that determines the overall value to the organisation. It is often the case that no clear view of these interrelationships exists, so the benefit in one area can inadvertently be wiped out by an additional cost in another.

I was running the expansion of a new retail energy entrant as the markets liberalised in the UK. My sales unit at the time was going all out for new customers, with door-to door sales being by far the most effective channel to market. However, this channel also brought with it a high proportion of high cost-to-serve customers (due to the sales agents targeting high population density areas which had above average debt problems and prepayment meter installations – both of which characterise high cost-to-serve segments). In addition, the quality of customer data collected by sales agents was poor, and this would lead to an additional cost in processing registrations (as they were often rejected) and more work further down the line as poor data caused billing errors.

What was missing was a "value map" of how issues in one area affected others. In particular, how value created in one area (more customers) can destroy value in another (higher service costs).

With such a map, shared between all the parties involved, not only can projects be structured in a way that fully accounts for the impact of one activity on another, but the inevitable trade-offs can be easily understood and sensibly discussed. Thus the optimum balance can be struck.

The value map is the shared understanding of the business's value drivers, and their linkages, shared across the functions in the business. In theory this could simply be a common understanding in the heads of the people, but in practice it needs to exist in the form of a diagrammatic representation of the business, the linkages between different activities, and how they create value. Only by making it explicit,



Retail energy value map

and shared will all the players in the business change programme have a common "mental map" of the business area they are trying to improve. This is essential to make sure all the parts of the solution fit together and perform as desired.

The map shown was built to communicate the linkage between sales and customer services in retail energy businesses. It was used to manage discussions across the business with regard to improving performance through giving the sales force access to systems on the move.

Having consulted to the sector over the past eight years, my observation is that the situation has not really changed. Silos still exist and the unintended impacts of the actions of one department still affect another one. So you can have a wonderful new billing system, but if the data being passed to it from the sales system is not up to scratch, the desired billing efficiencies will not be attained.

If more retail energy businesses had a shared value map, the teams in the various departments would be able to reach a much higher level of mutual understanding and be able to come up with solutions that delivered much more value across the business.

The missing elements are business rather than IT failures. Not having a value map, and not monitoring all elements of business change projects, are business issues not IT failures. Hence, the business should shoulder at least part of the blame for IT failures, since it is the business which has let change projects become IT projects, and failed to come up with the value maps needed to inform the business change programmes.

To stop this occurring in the future, IT for its part should stop accepting business projects masquerading as IT projects.

For example, no-one should think in terms of implementing a billing system. The business is really about improving revenue collection outcomes. The project should be defined as such, owned by the business with an accountable business manager at its head, and take all the necessary elements for success into account (process, organisation, people and IT).

IT should also insist on seeing a value map for the business, and base discussions on it. If it is not available, IT should seize the initiative and set the process in train to build it as part of the project definition phase.

When IT and the business make "working together holistically" the norm, we will see that IT failure becomes an aberration of the past. IT will then become regarded as a major enabler of business benefit creation, which is its rightful place in the enterprise. ■

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