

# JAMES A ROBERTSON AND ASSOCIATES

## EFFECTIVE STRATEGIC BUSINESS SOLUTIONS



**Improving your strategic involvement  
in the business by actively engaging in the day to  
day running of your I.T. Systems and ensuring an  
effective I.T. Infrastructure is in place**

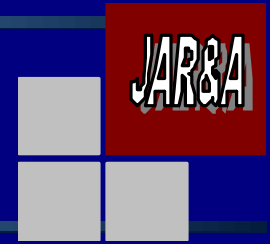


### **Third Annual I.T. Strategy and Governance Conference**

**Dr James A Robertson PrEng**

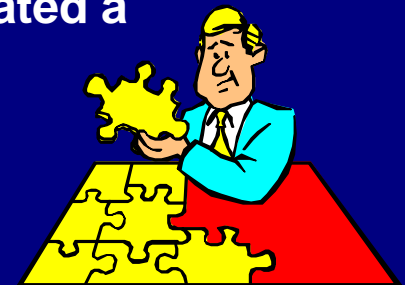
**JAR&A<sup>(c)</sup>**  
**(Copyright 2008 : JAR&A)**

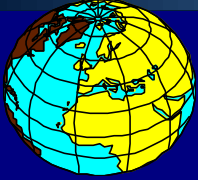
# ENGAGING THE BOARD IN STRATEGIC I.T. DECISIONS



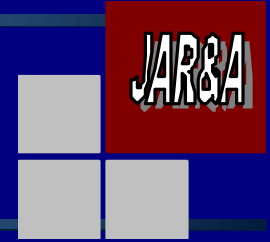
## QUALIFICATION OF WHAT FOLLOWS

- Information technology CAN be deployed in strategically powerful ways
- I.T. can create material bottom line benefit
- Personal benchmark -- doubled turnover in 12 months and created a revenue stream that was sustained for a decade
- BUT many projects fail to meet expectations
- Where is I.T. going?
- How do you achieve success?





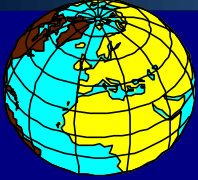
# CONTEXT: INFORMATION TECHNOLOGY GOVERNANCE DEFINED BY KING



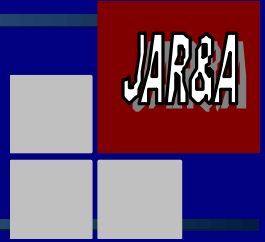
**Governance = Care!**

**Board is responsible for I.T. Systems**

Mervyn King



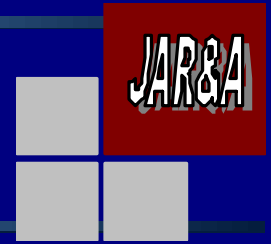
## CONTEXT: INFORMATION TECHNOLOGY GOVERNANCE



1. "This [I.T.] is an area where boards of directors will be named in stockholder suits"
2. "Senior management is not engaged enough in strategic information technology decisions and situations that could put the company at risk."
3. "Information systems could cause the next outbreak of Enron-like corporate scandals."
4. "I.T. is the next corporate disaster waiting to happen"

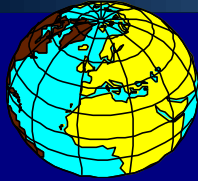
"Creating an IT Watchdog for the Board by Assembling an I.T. Oversight Committee" presented to the I.T. Governance and Strategy Summit by Professor Rossouw von Solms of Nelson Mandela Metropolitan University quoting Richard Nolan of Harvard Business School in Harvard Business Review

# CONTEXT: INFORMATION TECHNOLOGY GOVERNANCE



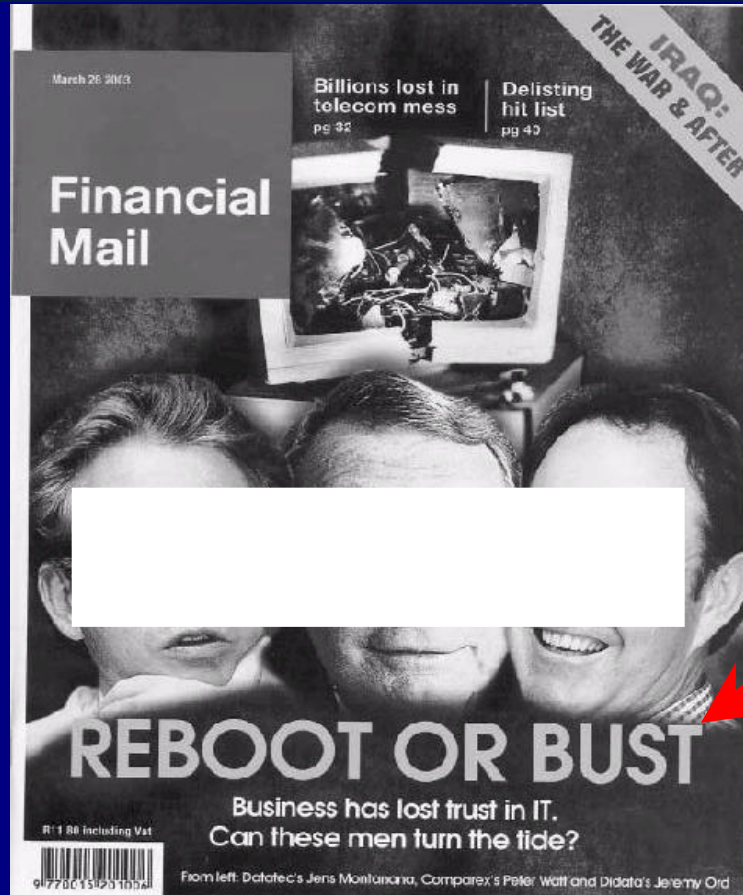
1. I T is now seen as being an integral part of enterprise strategy rather than a mere enabler within organizations
2. Almost all organizations today are absolutely dependent on I.T.
3. Major I.T. Write-Offs
  - After spending seven years and close to half a billion dollars implementing a mainframe E.R.P. system, the international chemicals company Co stopped and started over with a client-server version
  - International sports wear manufacturer -- \$400 million against their supply chain management system
  - International entertainment corporation -- \$878 million against its go.com web portal

“Creating an IT Watchdog for the Board by Assembling an I.T. Oversight Committee” by Professor Rossouw von Solms of Nelson Mandela Metropolitan University at the I T Governance and Strategy Summit



# CONTEXT: INFORMATION TECHNOLOGY AN INDUSTRY CHARACTERISED BY FAILURE

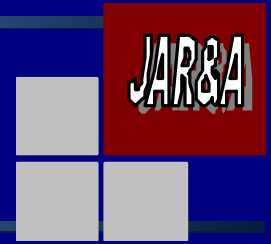
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*“19 out of 20 E.R.P.  
Implementations do  
NOT deliver what was  
promised”*

Duncan McLeod

# CONTEXT: INFORMATION TECHNOLOGY AN INDUSTRY CHARACTERISED BY FAILURE



1. **Seventy percent of I.T. investments fail TOTALLY**
2. Another twenty percent fail to fully satisfy the original business requirement
3. *"19 out of 20 E.R.P. implementations do not deliver "what was promised"*  
**McLeod**
4. Ninety percent of strategic plans fail
5. Seventy percent of B.P.R. investments fail
6. *"Most organisations are not making better decisions than they did five years ago."*  
**Gartner**





# A CRITICAL PRINCIPLE FOR SUCCESS

Engineer Against Failure

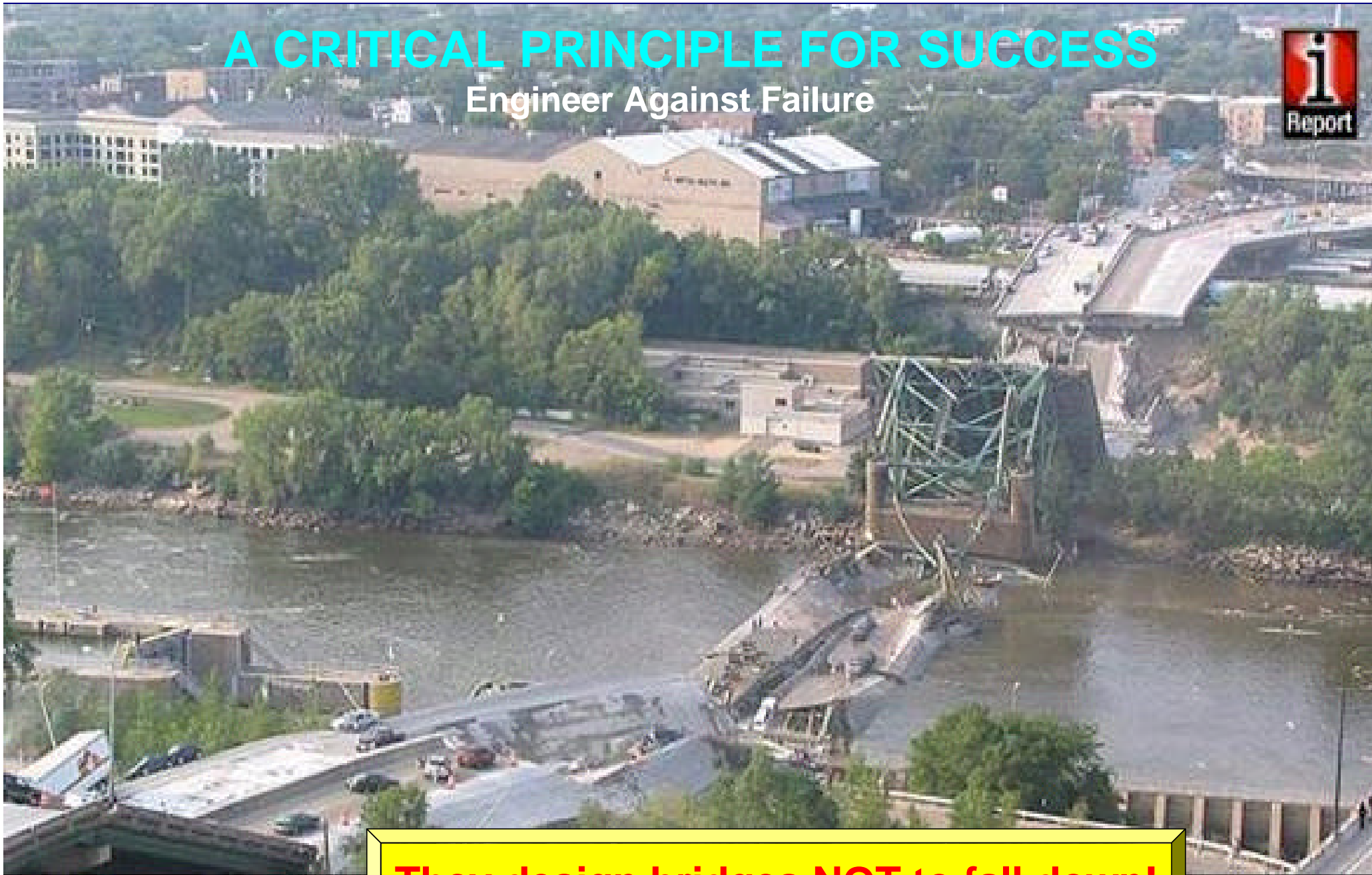


**Engineers do NOT design bridges to stand up!**



# A CRITICAL PRINCIPLE FOR SUCCESS

Engineer Against Failure



Freeway bridge collapses

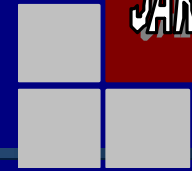
**They design bridges NOT to fall down!**

# MANAGEMENT FOR SUCCESS

## FOUNDATIONS OF THE APPROACH



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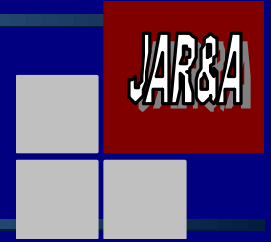


1. Buildings stand up, aircraft fly, ships float, machines work, motor vehicles operate, houses keep out the weather, etc
2. Expect the same level of reliability from I.T.
3. A successful solution is one that does NOT FAIL

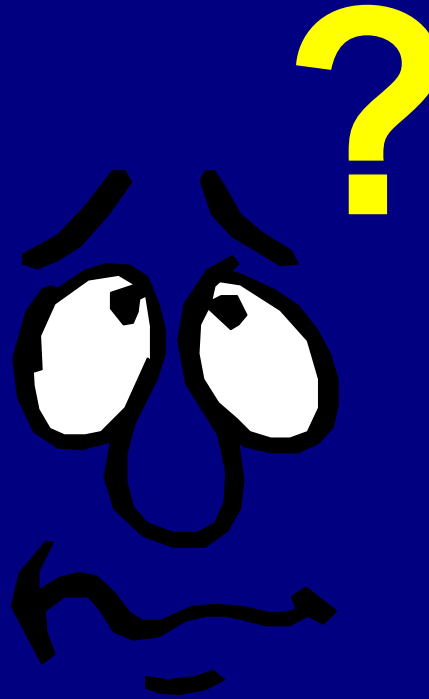
Reliably -- AND  
people know  
how to use  
them  
effectively and  
profitably

**Success = getting to "NOT failure"**

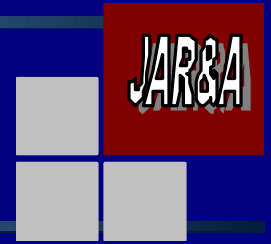
# STRATEGY DEFINED



WHAT IS STRATEGY?



# STRATEGY DEFINED

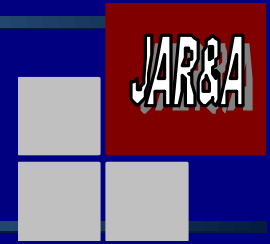


## WHAT IS STRATEGY?

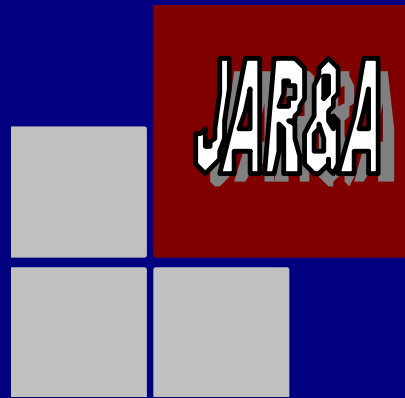
1. The essence of why a business exists and how it thrives
2. Vital context to I.T.
3. I.T. failure is primarily a failure of corporate strategic capability

# STRATEGY DEFINED

Professor Malcolm McDonald



# DOING THE RIGHT THINGS

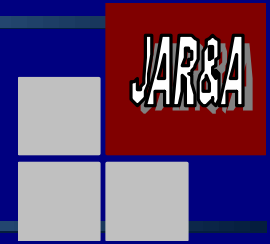


Professor Malcolm McDonald  
Cranfield School of Management



# TACTICS DEFINED

Professor Malcolm McDonald



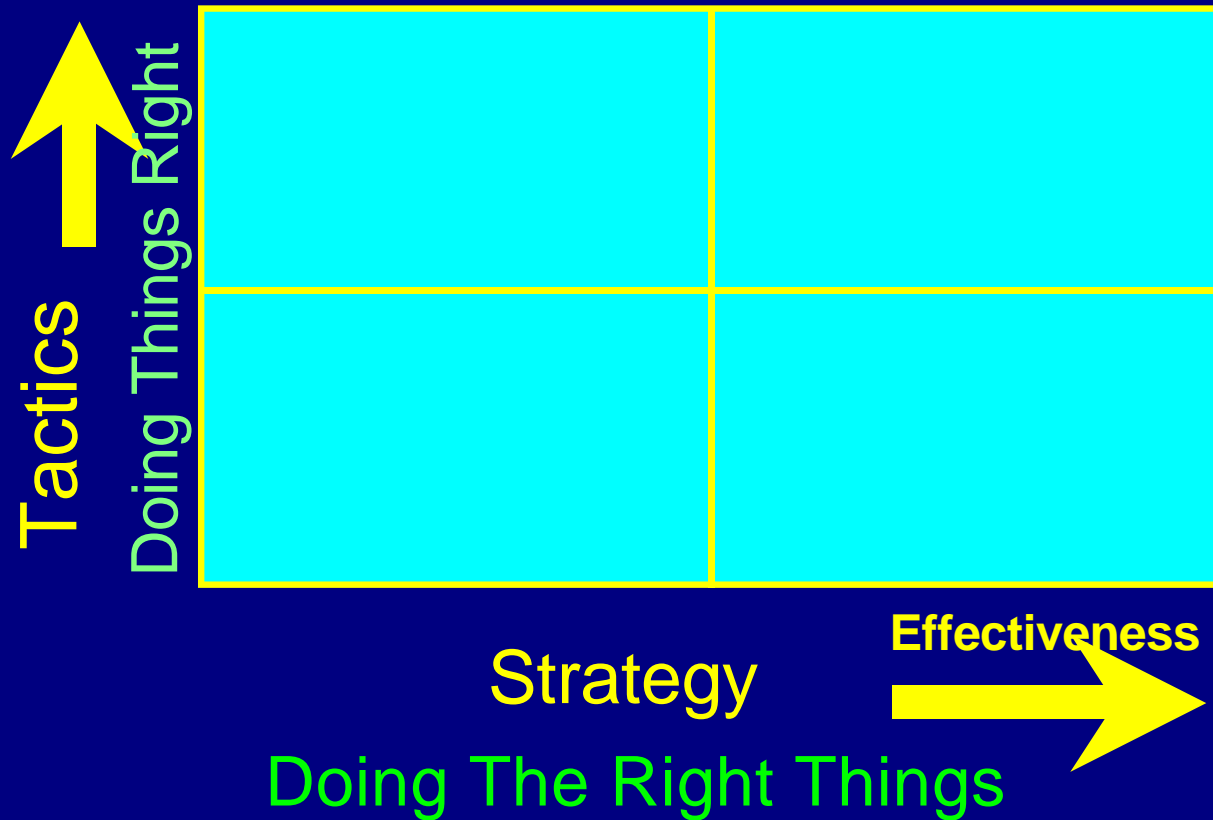
## DOING THINGS RIGHT

Professor Malcolm McDonald  
Cranfield School of Management

# STRATEGY vs TACTICS : A DEFINITION

Professor Malcolm McDonald

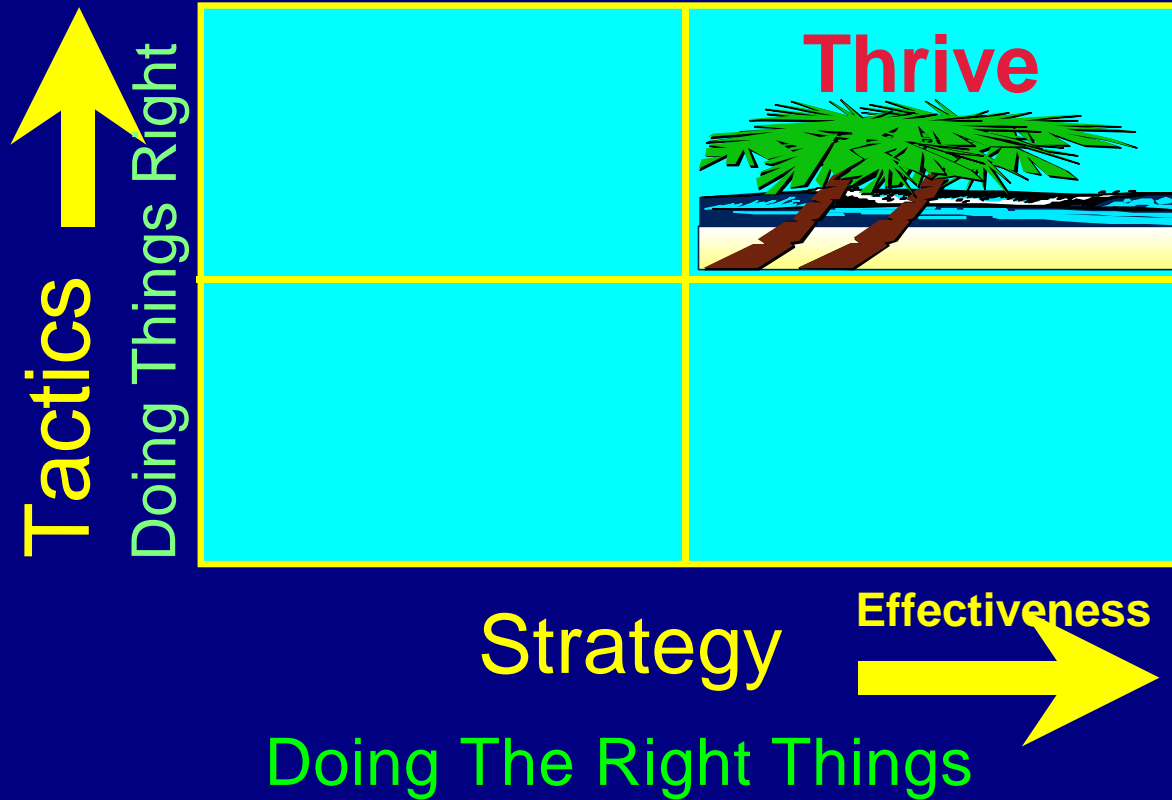
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# STRATEGY vs TACTICS : A DEFINITION

Professor Malcolm McDonald

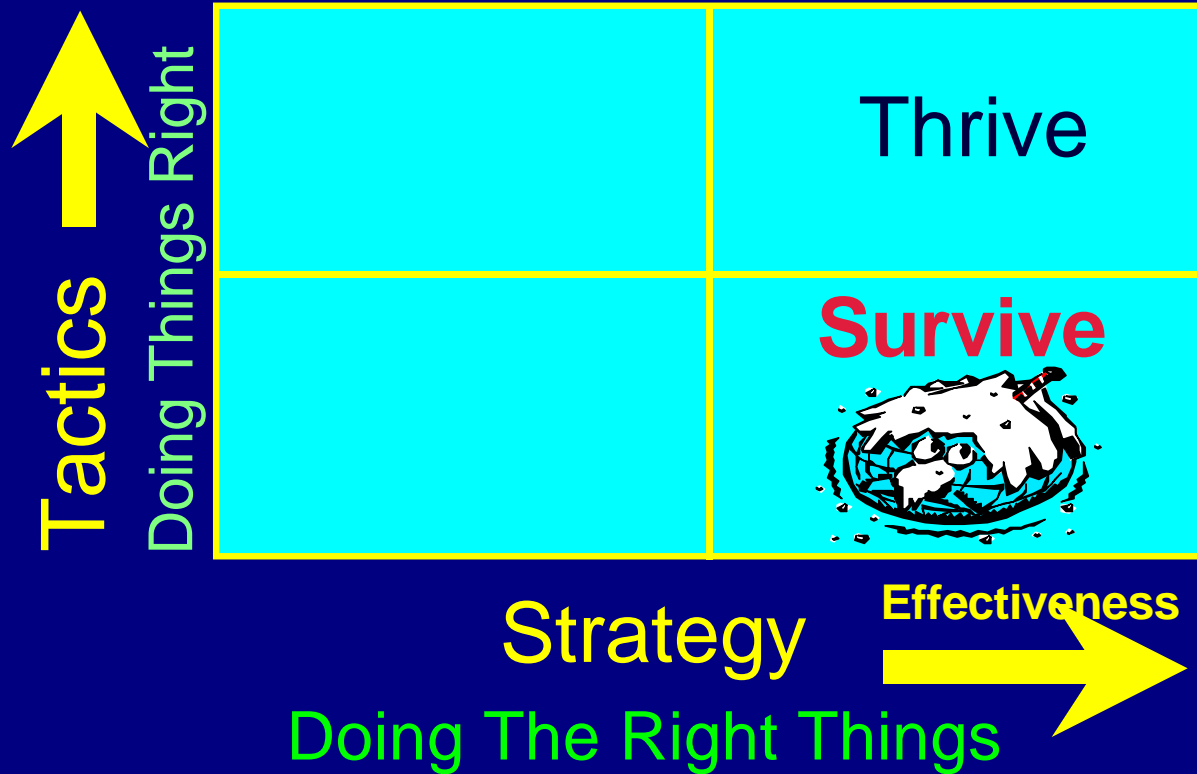
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# STRATEGY vs TACTICS : A DEFINITION

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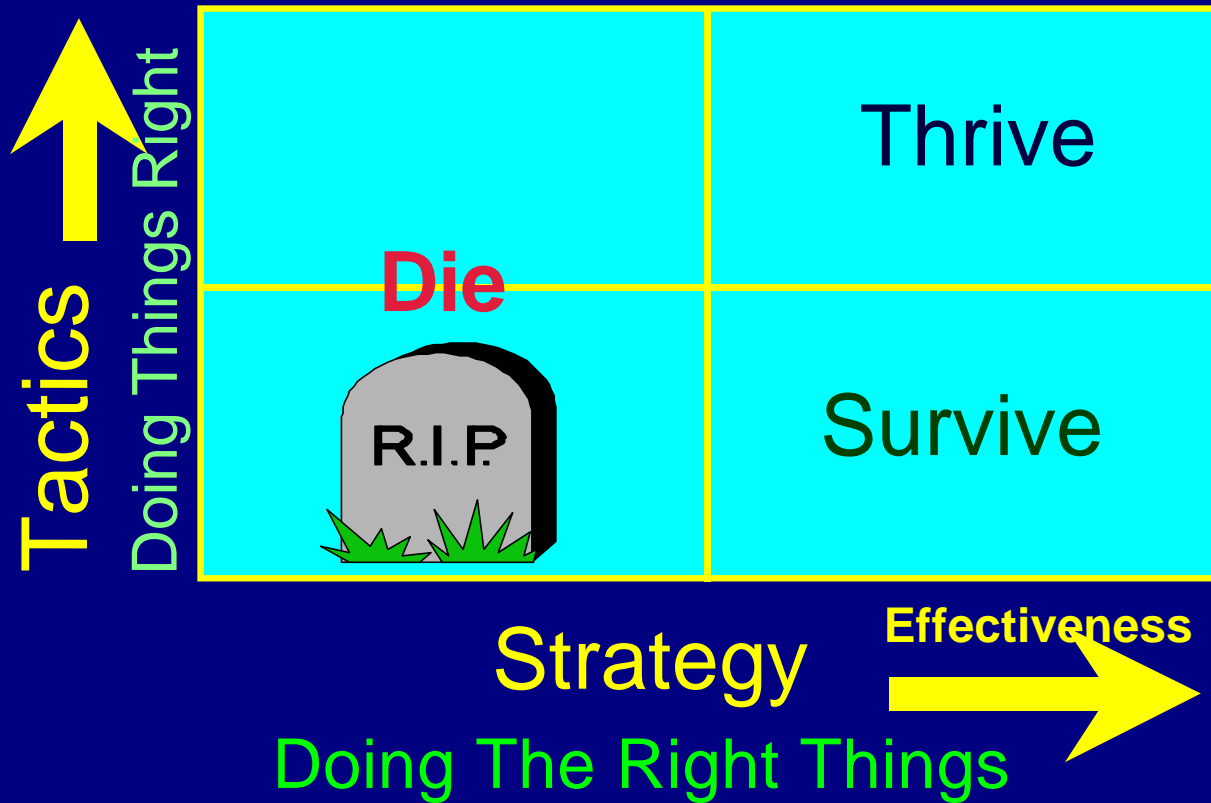
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# STRATEGY vs TACTICS : A DEFINITION

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# STRATEGY vs TACTICS : A DEFINITION

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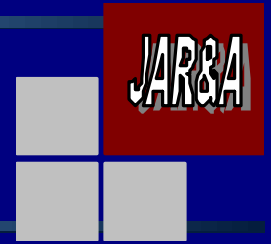


# STRATEGY vs TACTICS : A DEFINITION

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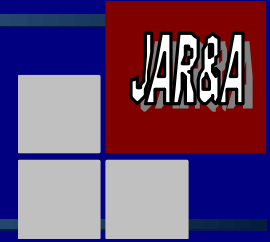


## WHAT IS YOUR ORGANIZATION'S STRATEGY?

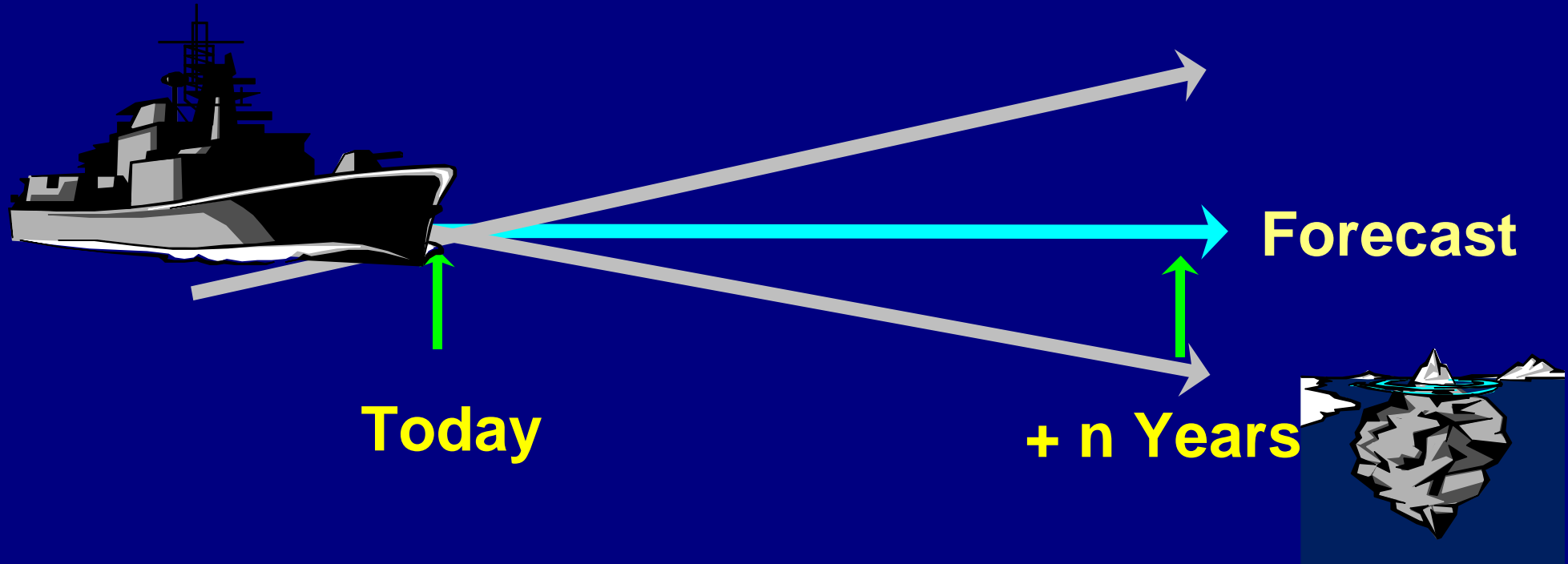
What is the essence of why your  
organization exists and how it thrives?

# THE TIME DEPENDENCY OF STRATEGY

Professor Malcolm McDonald

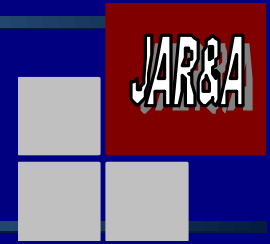


## NOT A FORECAST



# THE TIME DEPENDENCY OF STRATEGY

Professor Malcolm McDonald



**NOT AN OBJECTIVE**

Objective

Forecast



Today

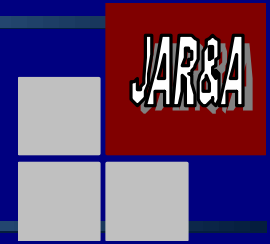
+ n Years



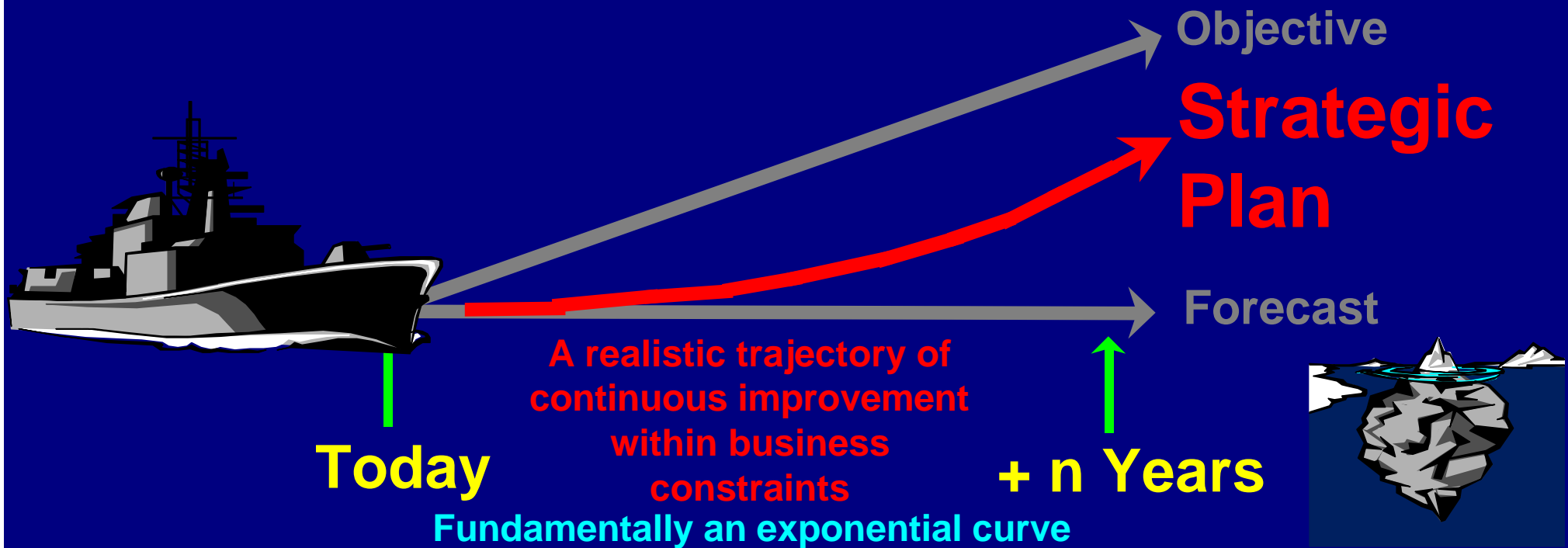


# THE TIME DEPENDENCY OF STRATEGY

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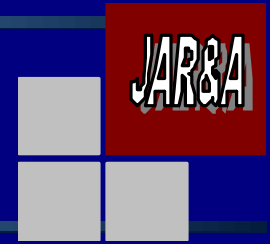


## STRATEGIC PLAN = THE PATH TO COMPETITIVE ADVANTAGE



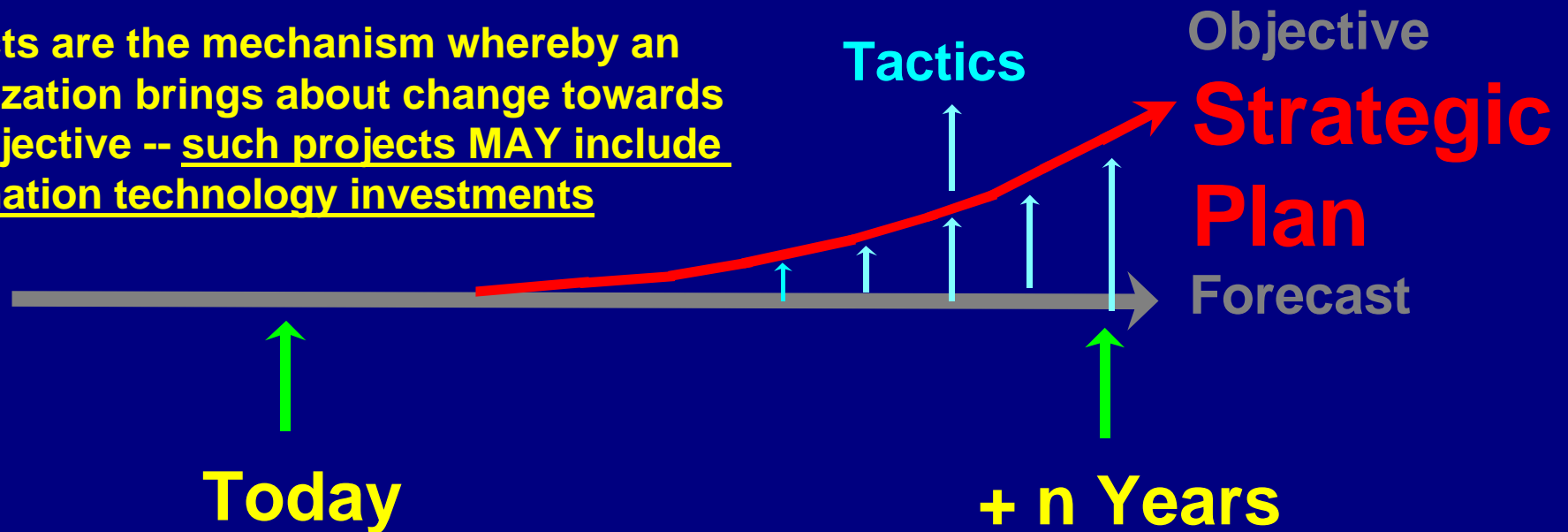
# THE TIME DEPENDENCY OF STRATEGY

Professor Malcolm McDonald



Strategic plans must be future focused  
Design your I.T. solutions for the future - NOT the past

Projects are the mechanism whereby an organization brings about change towards the objective -- such projects MAY include information technology investments



# THE CORE OBJECTIVE -- DIFFERENTIATION

Create Competitive Advantage

The logo for JAR&A, featuring the letters 'JAR&A' in a stylized, bold, white font with a red outline, set against a red square background.

## ECONOMIC TRENDS : WHERE ARE WE NOW?

- Sixty years after World War II we live in an age like no other
- The differentiators of past decades are necessities for survival
- How will corporations differentiate themselves and grow in the next ten years?
- Notwithstanding the 70% outright failure rate of I.T. investments)

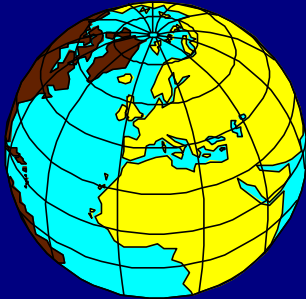
Implies a Holistic, Integrated Business Approach Including Effective I.T.

# THE CORE OBJECTIVE -- DIFFERENTIATION

Create Competitive Advantage

JAR&A

## THE KEY DIFFERENTIATORS IN 2000 AND BEYOND



- Market Focused Strategy
- Utilization of the Human Resource
- Effective Management Decision Making

**World Competitiveness Report; McDonald & Others**

**Requires Information To Make The Right Decisions**

# STRATEGIC ALIGNMENT

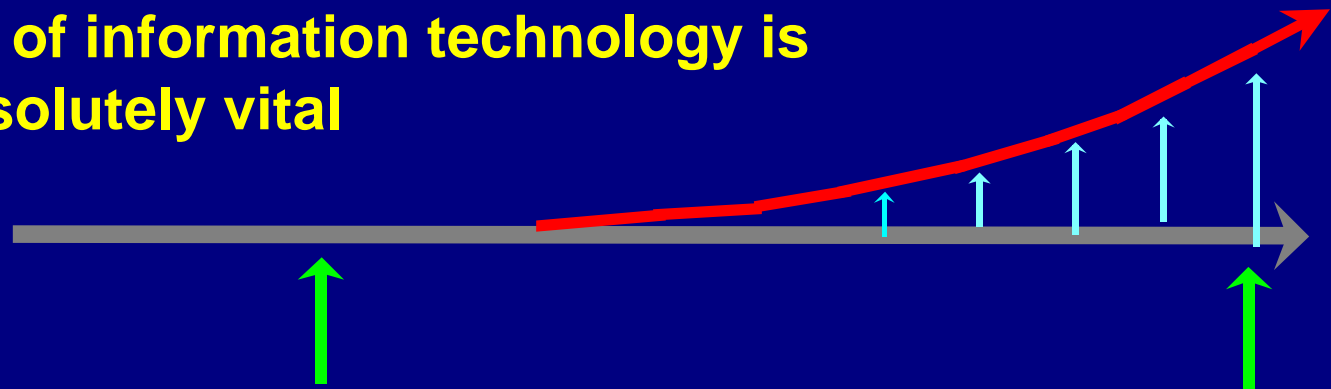
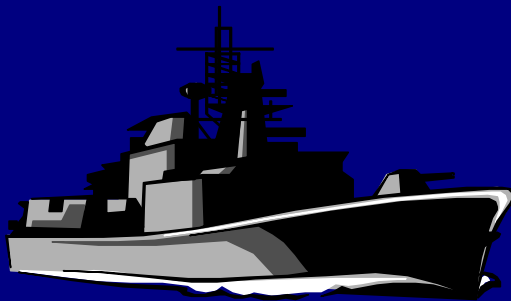
Defined

JAR&A

1. If you don't know where you are going, any road will get you there!
2. Strategic alignment is about defining where the business wants to go and then aligning all activities to support the business to reach that destination



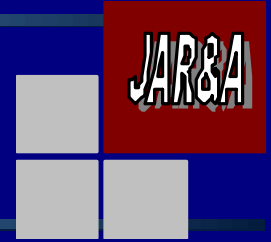
**Strategic alignment of information technology is absolutely vital**





# ESSENTIAL BUSINESS KNOWLEDGE

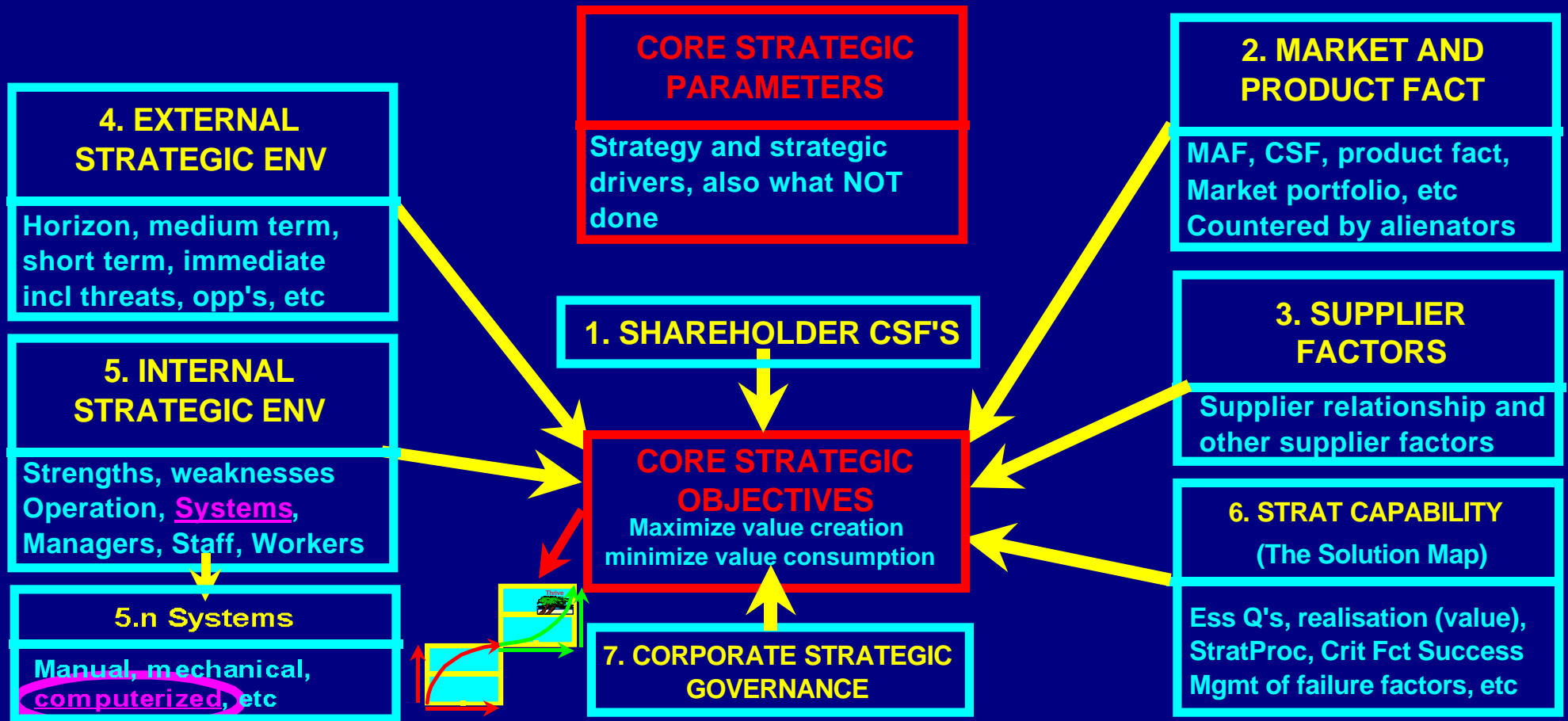
## ESSENTIAL COMPONENTS OF STRATEGY



1. Core economic driver
2. Core human resource driver
3. Core market differentiator / value proposition / sales or marketing method
4. Core customer / market / user
5. Core asset / product / natural resource / size / growth
6. Core technology / capability / know-how / distribution
7. Essential reason the organisation exists (generally NOT profit)
8. Core values
9. Other

# STRATEGIC MAPPING

Mapping and Managing the Strategic Environment and Objectives



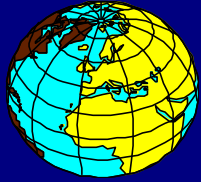
Technology is a small part of the entire cognitive picture of why an organization exists and how it thrives



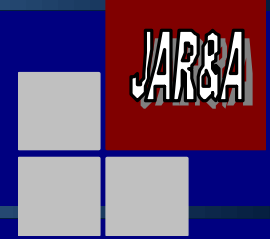
# THE ESSENCE OF STRATEGIC CAPABILITY IN THE I.T. CONTEXT



1. Clear, concise definition of why the organization exists and how it thrives
2. Concise prioritized definition of the core strategic drivers
3. Concise prioritized definition of how the organization interacts with shareholders / owners, customers / markets, suppliers, external and internal environment
4. Effective management of projects to deliver the expected business value outcome on time and on budget
5. Effective management of factors causing failure
6. Executive custody -- strategic governance -- ensure doing the right things
7. Overall strategic efficiency -- doing right things? -- now do them well



# CAUSES OF INFORMATION TECHNOLOGY INVESTMENT FAILURE

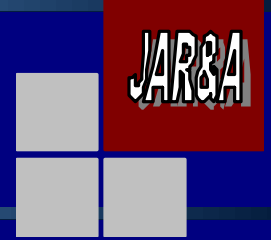


- 65%
1. Information technology mythology (30%) ← Manage at ALL levels Reality checks
  2. Lack of executive custody and inappropriate policies (20%)
  3. Lack of strategic alignment (15%)
  4. Lack of an engineering approach (12%)
  5. Poor data engineering (10%)
  6. People / soft issues (8%)
  7. Technology issues (5%)

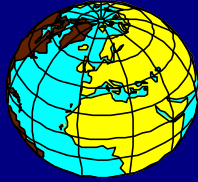




# INFORMATION TECHNOLOGY PITFALLS



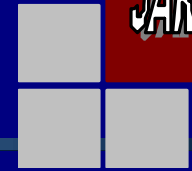
1. Excessive unqualified enthusiasm
2. Fashion
3. Business ignorance by technologists
4. Technology ignorance by business leaders
5. Abdication of responsibility by business
6. Sales driven I.T. service providers
7. Lack of ethics and accountability



# MANAGING FOR SUCCESS

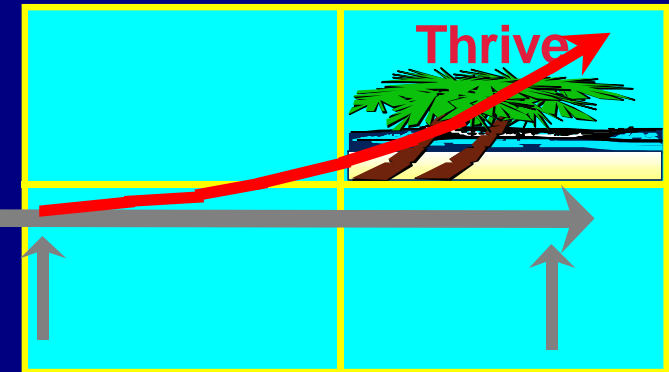
## MANAGEMENT COMPONENTS (% FOR SUCCESS)

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1. **25% -- Executive Custody and Policy**
2. **18% -- Strategic Architecture**
3. **16%-- Strategic Alignment**
4. 14% -- Business Integration and Optimization
5. 12% -- Project Schedule, Budget and Resource Management
6. 10% -- Data Engineering and Information Management
7. 5%-- Technology Components

59%



The first three require quality EXECUTIVE decisions and limited time

# WHERE IN THE WORLD IS I.T. GOING? WHERE SHOULD YOU FOCUS YOUR ATTENTION?

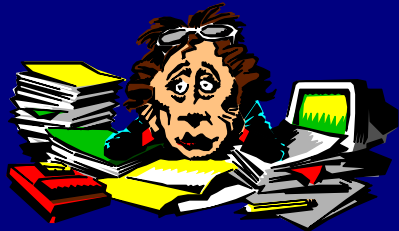
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1. Dramatic failures, litigation and legislation (5%)
2. Software company shake outs (6%)
3. Long software product life spans (7%)
4. Less is more (10%)
5. Executives take custody (20%)
6. Emphasis shifts to decision support (22%)
7. Corporate level solution innovation (30%)



**Radical redefinition  
of the industry**



**Leading edge  
technology mothballed**



**Run of the mill  
technology worlds most  
successful aircraft**

**A challenging and exciting place to be**

# THE HARSHTEST JUDGE OF GOVERNANCE

The logo for JAR&A, featuring the text "JAR&A" in a stylized, white, outlined font on a red rectangular background.

1. Bad I.T. decisions can wreck your business
2. I.T. Strategy is a BUSINESS responsibility
3. I.T. Strategy is NOT about technology policy it is about business initiative
4. Definition of strategy should be a concise, high intensity, business executive activity
5. I.T. is a collection of tools and tools should work all the time
6. I.T. will harshly judge executives who abdicate responsibility
7. There is a huge opportunity for creative thinking to define concise ways for I.T. to add REAL VALUE in your organization!

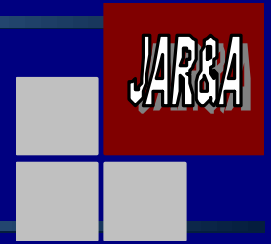


# THE HARSHTEST JUDGE OF GOVERNANCE

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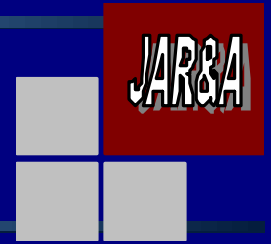
1. Computers are dumb and abstract -- they ONLY do what a human being tells them
2. They will never exceed the abstract, intuitive (gut) decision making capability and leadership of a group of human beings who collectively have centuries of knowledge and experience i.e. the board
3. If you get an I.T. project wrong it will simply NOT deliver -- no matter how much you talk it up -- engineer against failure

# EXECUTIVE INVOLVEMENT



How involved should executive management  
be in I.T. Strategy?

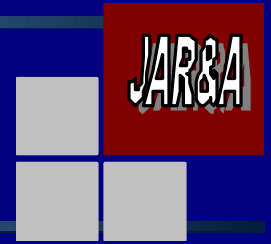
# EXECUTIVE INVOLVEMENT



**How involved should executive management  
be in I.T. Strategy?**

**How involved should executive management  
be in business strategy?**

# EXECUTIVE INVOLVEMENT



**How involved should executive management  
be in I.T. Strategy?**

**How involved should executive management  
be in business strategy?**

**Executive Custody is an attitude, a state of mind, NOT a  
large amount of work**

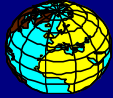
# COMPONENTS OF ACHIEVING EXECUTIVE CUSTODY

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1. Leadership -- 50%
2. Engagement -- 30%
3. Prove it works -- 5%
4. Make it work -- 15%

*I.T. IS ALL ABOUT  
PEOPLE!*

Executive Custody is an attitude, a state of mind, NOT a large amount of work



# CRITICAL EXECUTIVE QUESTIONS

JAR&A

Questions Every Executive Should Answer Before Saying "YES"

1. Do I have a clear definition of the value proposition that I own now and can communicate to the rest of the organization?
2. Do I have a clear definition of how the outcome will be accomplished?
3. Is there real acceptance of the real effort and investment required?
4. Is there real business commitment?
5. Am I (CEO / sponsoring executive) willing to be held accountable?
6. Am I willing and able to hold the responsible executive / manager accountable?
7. Am I willing and able to hold the service providers and vendors accountable?



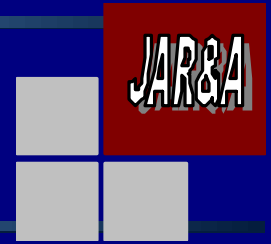
# WHAT IS EXCELLENCE?

## THE CRITICAL COMPONENTS OF CORPORATE EXCELLENCE

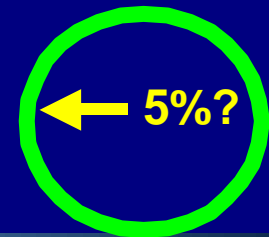
1. Leadership (Strategic and Operational) -- 28%
2. Governance and Custody -- 20%
3. Strategic Definition -- 18%
4. Strategic Capability -- 16%
5. Standards and Policies -- 8%
6. Systems, Methods, Tools, etc -- 6%
7. Continuous Improvement -- 4%

*I.T. is ALL about  
PEOPLE!*

# CRITICAL FOCUS AREAS FOR EXECUTIVE CUSTODY



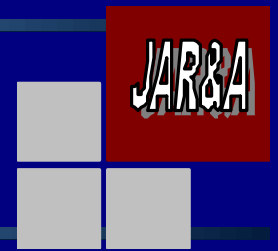
1. Creating and delivering value to customers
2. Differentiating from competitors
3. Motivating and leading personnel
4. Meeting and exceeding owner expectations
5. Building exceptional partnerships with suppliers
6. Integrating and optimizing the business
7. Day to day operational efficiency and effectiveness





# EXECUTIVE CUSTODY

## Role of executives in Strategic Leadership



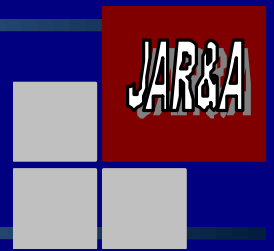
*A key responsibility of executives is innovation that will generate high bottom line value outcomes that enable the organization to thrive*

*that is Strategic outcomes*

*Executives therefore define the role of information technology in creating sustainable competitive advantage*

# HOW TO STRATEGICALLY POSITION I.T.

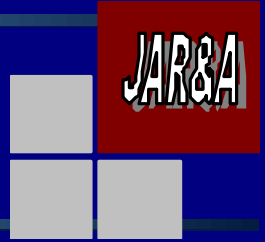
## THE ESSENCE OF I.T. INVESTMENT SUCCESS



1. Determine why your organization exists and how it thrives -- one sentence -- and then core drivers and strategic map
2. Determine where I.T. is getting in the way
3. Modify accordingly
4. Determine where I.T. can be used by BUSINESS PEOPLE as a tool to assist the business in its endeavours to thrive
5. Procure or modify accordingly
6. Communicate a clear intention -- leadership
7. Make it work -- this is a business action

Clear, concise, intuitive,  
cognitive thinking,  
communication and action by  
business executives -- the  
rest is grind by the business  
including the I.T. team

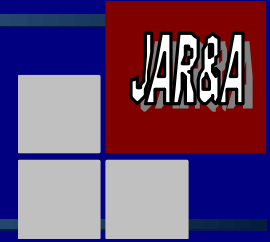
# ENGAGING THE BOARD IN STRATEGIC I.T. DECISIONS



## CASE STUDIES

- 1. Fertilizer manufacture to custom recipe on credit coupled with a “no customization” E.R.P. policy**
- 2. Short turnaround service promise coupled with manual printout and entry in the warehouse**
- 3. Service beyond the call of duty coupled to a consultant who says “that is an unfair question” (about what is the essential driver of the business)**

# ENGAGING THE BOARD IN STRATEGIC I.T. DECISIONS



## CASE STUDIES

All these failures could have been prevented by any executive with a clear understanding of the strategy of the business noticing that there was something that did not fit and acting appropriately

### I.T. IS JUST LIKE ANY OTHER PART OF THE BUSINESS

Manage strategically -- what is the essence of why the business exists and how it thrives?

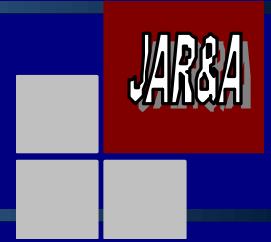
1. What are the (three) most important insights you gained from this lecture?
2. What are the (three) most important actions you propose arising from this lecture?
3. What is your single most significant long term goal arising from this lecture?

**Write it down**

If you gain an insight into something new and do not take some action within 48 hours the chances are you never will

Justin Cohen citing Bill Gates

# ACKNOWLEDGEMENTS AND DEDICATION



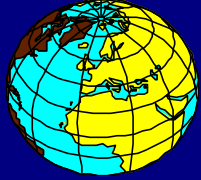
I would like to acknowledge  
the contributions and inputs of all my clients, associates, staff and families  
without whom the work on which this presentation is based would not have  
been possible

Particularly my father and mother, Angus and Thelma, whose love and support  
for all my endeavours made it possible for me to gain this knowledge.

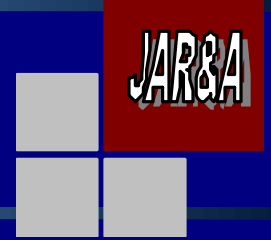
I also acknowledge Fiona and Ingrid for all they contributed  
and Sandra and Helene for their unreserved love and giving

This presentation is dedicated to  
The glory of the Eternal Creator  
who is the source and reason for our existence

*Psalm 136:5 "To Him who by wisdom made the heavens, for His  
mercy endures forever;"*



# ENGAGING THE BOARD IN STRATEGIC I.T. DECISIONS



## QUESTIONS ?

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