STRATEGY TO EXECUTION: THE IT CONNECTION

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Is IT helping you execute your strategy?

All too often, IT is not brought in during the strategic planning process. This leads to a disconnect between your technology systems and the business objectives you are trying to accomplish. But if you consider the strategic implications of your IT systems and include department leadership in the planning process,

IT can be a key contributor to strategy execution.

In this edition of *Executive Issues & Insights*, we explore key insights

drawn from the extensive C-suite and Board experiences of the NextLevel team on how IT can enable strategy execution.

NextLevel Case Study

Strategic IT improvements generate $120 million in cash

A dominant manufacturer and distributor of business equipment was facing serious challenges. The company supported 2.5 million customers, 8 million equipment service agreements, and 24 million annual invoices. But growth was slowing and it was losing market share. The company learned that much of this was due to poor customer experience. It conducted a survey to understand which factors correlated to customer experience and satisfaction.

The company brought in a new Executive Director of Information Systems, now a NextLevel partner, who developed a strategy for improving the customer experience through improved processes, systems, and technology. The issues he identified for focus were responsiveness, accuracy, and availability of customer information at the point of contact. The company set a goal to improve customer satisfaction by 10 percent within one year.

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NextLevel Insights

Model how your IT department will operate within the company

For IT to enable strategy, you need to first see the context of what your IT department has been, what it is now, and what it needs to be. Has IT previously been solely a support provider but is now moving into a facilitator role? This will require different resources and attitudes. Communicating this model throughout the company establishes the ground for effective interaction.

Include your CIO as part of senior management

An effective CIO is responsible for more than just managing daily operations. He or she should also be a strategist who knows how to use technology to accomplish business objectives, an innovator who knows what is new and cutting edge, and a realist who knows when it's best to implement change and when it's best to wait. Including the CIO in senior management empowers the IT department to operate strategically.

Make sure IT is aligned with business strategy

Align your IT resources with the company's strategic goals and the risk the company is willing to take to achieve those goals. Ensuring that your IT department understands what the company is trying to accomplish in business terms is critical. An IT advisory board can be a useful tool to facilitate communication and continuous feedback among the IT department, senior management, and the owners of business outcomes.

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The NextLevel executive led the implementation of the processes, systems, and technology as part of transforming the IT organization into a high-performance team. The department consolidated all customer information into one location to improve responsiveness. It also established workflow processes to streamline communication of common issues to the appropriate individuals. In addition, the company consolidated 89 administration and service dispatch centers down to six. And it consolidated its billing systems from 43 separate systems down to one.

Because of these strategic actions, the company reduced cycle time by 87 days for key business transactions. In addition, 80 percent of customer problems were resolved on first contact. Customer satisfaction increased by 20 percent, largely attributed to providing a single source for all business information. The company also generated an additional $120 million in cash from operations.

Design data needs around strategy

Putting real thought into both your current and future informational needs will pay off in reduced complexity down the road. What data needs to be collected? How will the data be used? How much will it be compressed? How often will you collect the data, and how will you present it? Carefully defining what data you will need, strategically and operationally, will help you design a system that will meet those needs in support of your strategy.

Beware of technology for technology's sake

There is often a temptation to accumulate technology rather than to work toward a business objective. All technology projects should be proposed and justified in terms of what the business is trying to accomplish. This will help you avoid costly and elaborate system-level solutions when a quick fix may be all that is needed to accomplish your goal.

Bridge the communications gap

Companies cannot afford to have IT departments populated with poor communicators. The key to bridging the communications gap between IT and the rest of the company is to educate all employees on the need from the customer's perspective and how their role helps meet that need. This creates a common language within the company and helps establish common objectives.

"IT should be used to achieve a company's outcomes and strategic aims."

Make sure technology is always being used to work towards a business objective.

KEYS TO USING IT TO ENABLE STRATEGY EXECUTION

- **Your IT department:** Do you have a clear model of its role within the company?

- **Your CIO:** Is he or she included as part of senior management?

- **Your business strategy:** Have you communicated it throughout your IT department?

- **Your data needs:** Have you designed them with your strategy in mind?

- **Your technology projects:** Are they justified in terms of business outcomes?

- **Your communication:** Have you emphasized its importance throughout all departments?

More Information

To learn more about how NextLevel can help you use IT to enable strategy execution, call us at (800) 833-NEXT or email info@nlbev.com.

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