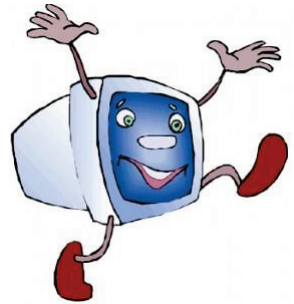


# DO YOUR SYSTEMS SUPPORT YOUR BUSINESS DIRECTION?



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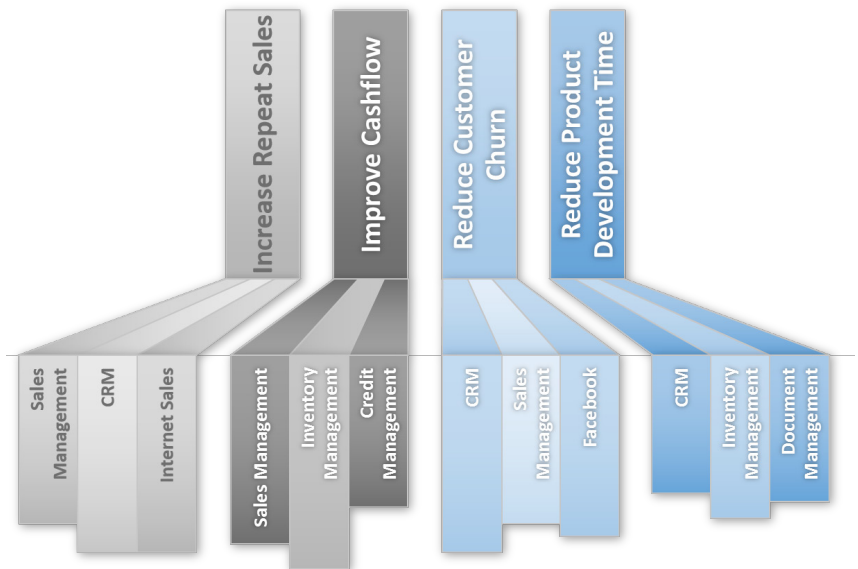
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## 1 Introduction

All systems, both computerised and manual should be aligned with your organisation's goals and objectives. Below is one way of showing this.

# Align Systems to Business



When you associate systems with organisational goals and objectives you will be able to clearly see and communicate their value and maybe more importantly, any gaps. In addition, you will also be able to identify any existing systems that are not aligned with your organisation's goals and

objectives. This may be due to gaps in your organisation's goals and objectives or may identify systems that are redundant and not adding any value.

This is also a very valuable tool to assist in the prioritisation of any future projects.

### 1.1 Objective of this book

This book is not intended to be a DIY guide. Rather it is intended to give the reader an appreciation of the process required to ensure that your systems are aligned with your business goals and support the future direction of your organisation. We specifically use the term “organisation” as every organisation should have a strategic business plan which sets out its vision, goals and objectives. This strategic business plan defines the future direction of the organisation.

Whether you are a “one man band”, a large corporate or a Not-for-Profit organisation you will, or should, have a strategic business plan. This book does not address the development of a strategic business plan, it assumes you have one in place.

### 1.2 Do your systems help or hinder your organisation

Consider the following questions:

- Q Are your systems aligned to your business objectives?
- Q Do your systems support your business objectives?
- Q Is it easy to do business with you?
- Q Are your customers frustrated by your systems?
- Q Are your systems an obstacle?
- Q Are your staff frustrated by your systems?

- Q Do you know what systems you have?
- Q Do you have “work-arounds” to achieve what you need to do?
- Q Do you trust the information that comes out of your systems?
- Q Is the information you and your staff require readily available?

### 1.3 What are we talking about

Having posed the above questions, we should define what we mean by the term “systems”. When they hear the term “systems” a lot of people will think of the computer sitting on their desk. However, the term “systems” is much wider than that. It includes the following tools:

- Desktop and laptop computers.
- Office productivity software.
- Spreadsheets, databases and word processors.
- Computer based manufacturing, production and control equipment.
- Servers and internal networks.
- Telecommunications links/Wide Area Network (WAN).
- The Internet and Intranet.
- Websites.
- 3rd party systems.
- Telephony systems, including mobiles.
- Remote access and portability.
- Environmental control and security.
- Manual procedures.

## 1.4 Statistics

The following information may put some perspective on this.

In March 2013 the New Zealand Department of Statistics published the results of the Information and Communication Technology Supply Survey: 2012

From this they stated that the key facts were. In the 2012 year:

- Information and communication technology (ICT) goods and services were worth almost \$23 billion, 17% more than in 2010.
- At \$8.3 billion one-third of all ICT sales came from communication services such as fixed-line and mobile connections, and Internet access.
- Despite rising sales volumes falls in unit prices drove revenue from audio-visual goods down to \$1.1 billion, 5% lower than in 2010.
- One-third of the \$1.6 billion earned from New Zealand's ICT exports came from sales of electronic components and devices, which include white ware goods and medical devices.<sup>1</sup>

The ICT Supply Survey measures the sale of goods and services from businesses associated with ICT industries.

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<sup>1</sup> Government Statistician 19 March 2013.

[http://www.stats.govt.nz/browse\\_for\\_stats/industry\\_sectors/information\\_technology\\_and\\_communications/ICTSupplySurvey\\_HOTP11-12.aspx](http://www.stats.govt.nz/browse_for_stats/industry_sectors/information_technology_and_communications/ICTSupplySurvey_HOTP11-12.aspx)



The OECD defines ICT goods and services as those that fulfil or enable the function of information processing and communication by electronic means. Alternatively, ICT goods may also use electronic processing to detect, measure, and/or record physical phenomena, or control a physical process. Data from the ICT Supply Survey measures sales of:

- equipment and components (goods)
- communication services
- IT services
- Software renting, training, and other ICT services.<sup>2</sup>

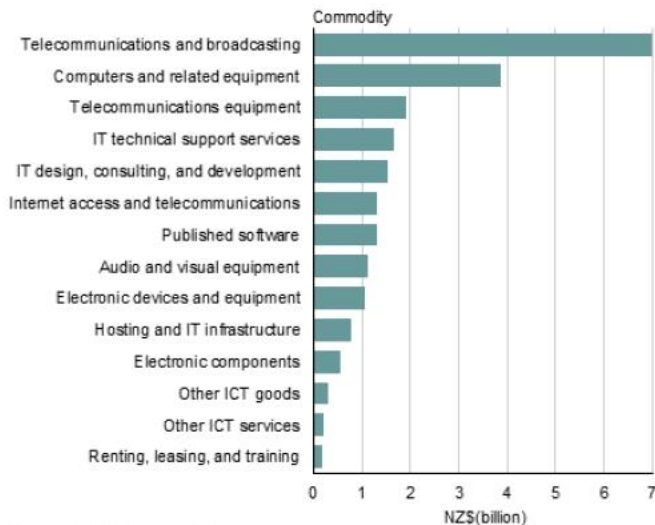
As can be seen, the term “systems” covers a wide range of technology, a lot of which we take for granted.

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[http://www.stats.govt.nz/browse\\_for\\_stats/industry\\_sectors/information\\_technology\\_and\\_communications/ICTSupplySurvey\\_HOTP11-12.aspx](http://www.stats.govt.nz/browse_for_stats/industry_sectors/information_technology_and_communications/ICTSupplySurvey_HOTP11-12.aspx)

## Sales of ICT Goods and Services by Commodity 2012 Financial Year<sup>3</sup>



Source: Statistics New Zealand

We can also see from this survey that Telecommunications is by far the largest commodity and something that is often overlooked when organisations are planning. We just assume that it will be available when and where we want it. During our consulting we have come across a number of clients who have fallen into this trap; they have put all their plans into action for establishing a new branch office, but have overlooked the lead time required to obtain, install and make operational telecommunications links. This effectively can

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[http://www.stats.govt.nz/browse\\_for\\_stats/industry\\_sectors/information\\_technology\\_and\\_communications/ICTSupplySurvey\\_HOTP11-12.aspx](http://www.stats.govt.nz/browse_for_stats/industry_sectors/information_technology_and_communications/ICTSupplySurvey_HOTP11-12.aspx)

become “the straw that breaks the camel’s back” and frustrates their ability to meet their business’ needs. This is just one of many examples we have come across over the years.

### 1.5 Technology driven

Another common issue we come across is organisation’s that are technology driven. For whatever reason they have to have the latest and greatest; they have to use the absolute latest version of software without any reference back to the business objectives or a solid business reason for being often at the “bleeding edge”. This lack of a pragmatic, business-oriented approach is highly risky and often costly without delivering any significant benefit back to the organisation.

### 1.6 Flexibility

In this day and age organisations have to be flexible to remain competitive and to meet their customers’ needs. To enable an organisation to be flexible, its systems must be both robust and flexible. They need to be “future proofed”.

### 1.7 Appropriateness

As implied when discussing organisations that are technology driven, an organisation’s systems must be appropriate to its:

- ✓ requirements
- ✓ size
- ✓ budget and
- ✓ goals.

Overall, systems should be pragmatic. The old adage “horses for courses” is one that often comes to mind. In other words,

what is appropriate for the organisation next door, may not be appropriate for your organisation. Although to a certain degree some organisations are similar, they are also all individual and differ to a greater or smaller degree. It is good to learn from other organisations, but do not copy them exactly.

## 2 Are Your Systems Aligned with Business Strategy

Most importantly, an organisation's systems should be aligned with its business strategy. You should be able to ask:

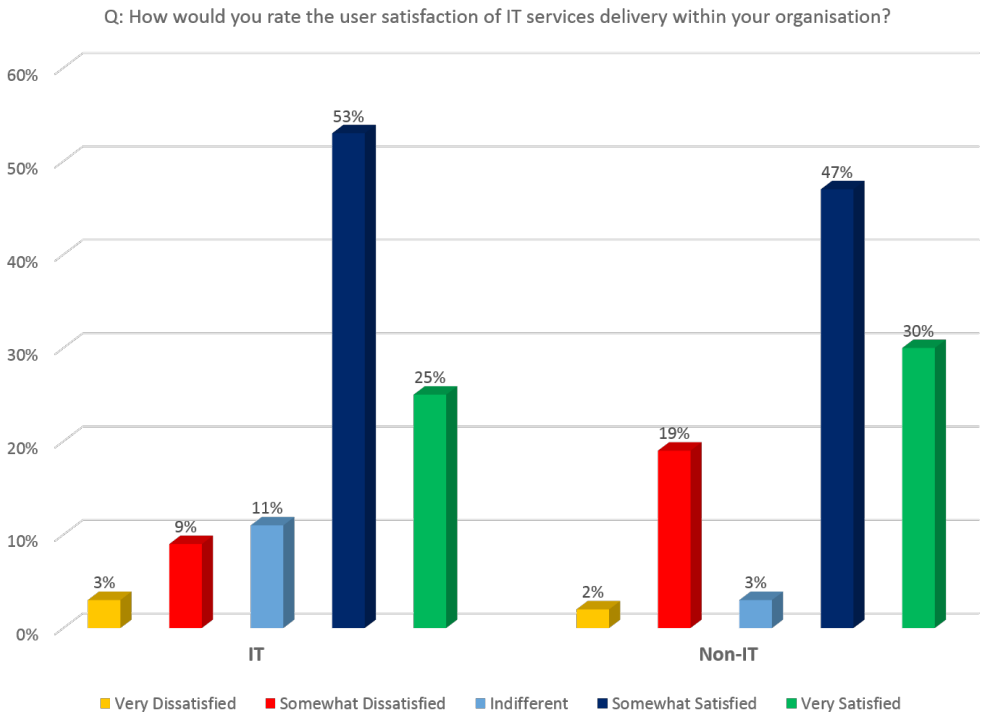
- Q why have we got this system?
- Q what benefit is it providing to the organisation?
- Q which organisational strategy or objective is it assisting us to achieve?

The answers to these questions may give you some surprises.

## 2.1 Survey of the Alignment of ICT with Business Strategy

The results of a 2009 IDC survey<sup>4</sup> showed that 25% of end users were dissatisfied with the ICT tools available to them.

The following graph, also from this survey, shows significant dissatisfaction with the ICT service being supplied. This is symptomatic of a lack of alignment with an organisation's business objectives.

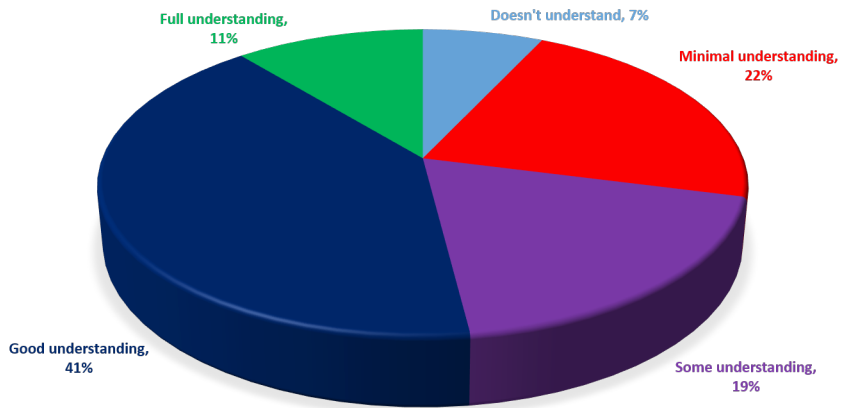


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[http://www.gettingitright.co.nz/uploads/knowledgebase/getting\\_it\\_right\\_survey\\_seminar\\_presentation\\_feb\\_2012.pdf](http://www.gettingitright.co.nz/uploads/knowledgebase/getting_it_right_survey_seminar_presentation_feb_2012.pdf).

This is shown more clearly by the following pie chart.

Q: From your perspective, please rate how well your IT department understands the specific business requirements of your business unit



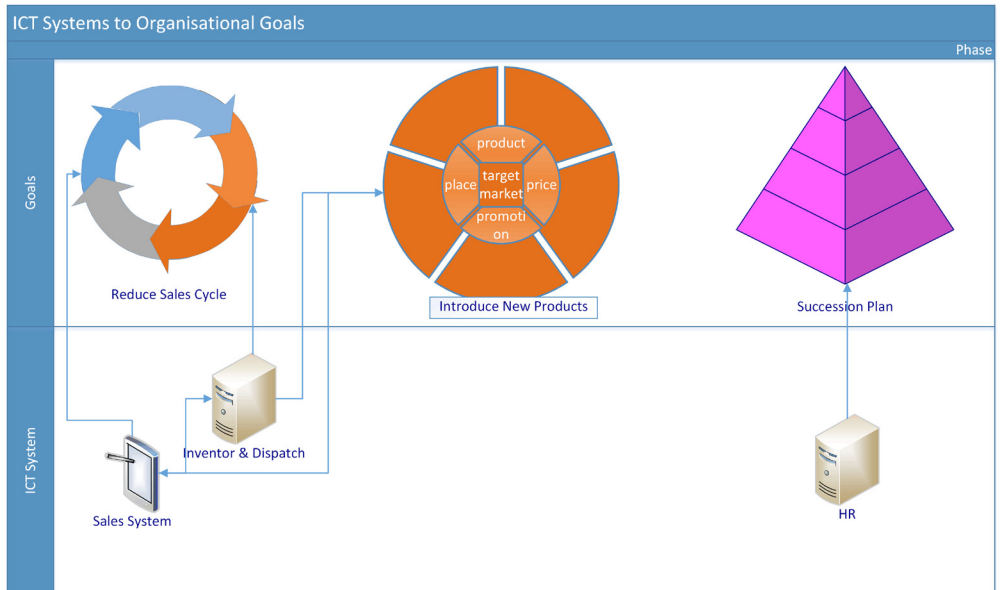
As can be seen from the above there is a significant gap in the understanding of what the organisation actually requires to achieve its goals and objectives.

## 2.2 What are we trying to achieve

Primarily we are attempting to ensure that your ICT systems are supporting and enabling where your organisation is heading. This may be the extension of services, growth

through adding new geographic locations, improved customer satisfaction and retention, greater efficiencies, etc.

To achieve this all ICT systems should be able to be aligned to a business objective or goal. A simplified example of this is set out below.



As can be seen this is a very simple example and an organisation would normally have more than three goals or objectives and we have left out systems such as finance and reporting. But we believe it will give the reader an appreciation of the concept.



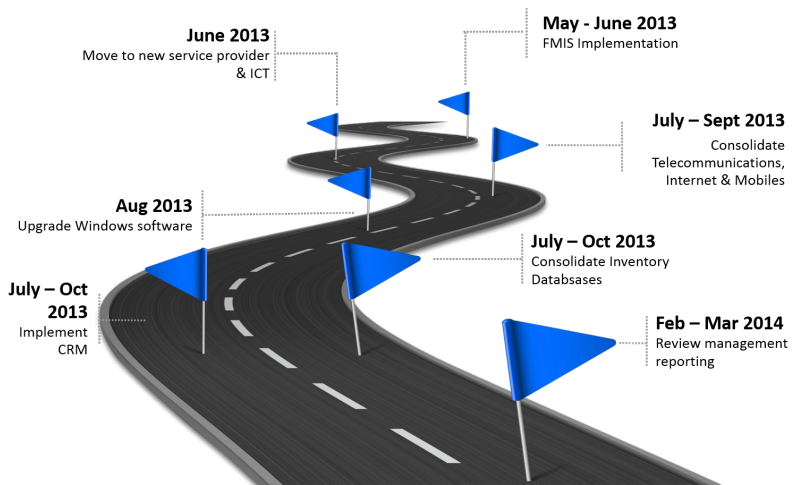
## 3 How to Ensure your Systems Align with Business Strategy

Having hopefully convinced you of the need to ensure that your systems are aligned with your business strategy, how do you get there? The following sections discuss some of the key things you need to consider.

### 3.1 The Road Map

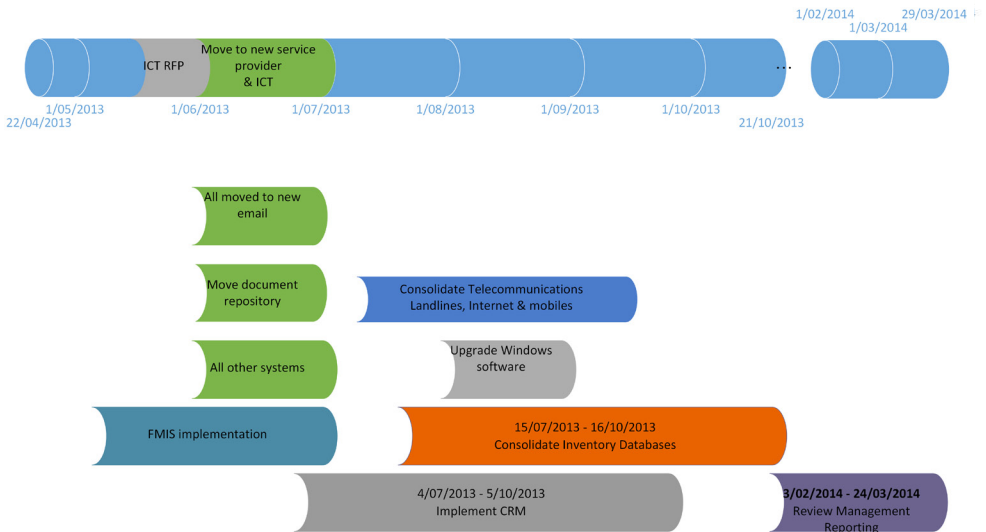
To achieve this alignment, you must have a road map for your systems. Without a formal, documented and agreed road map, your organisation will become lost in a maze of inappropriate systems. The diagram below depicts a simple road map. It identifies the “what” and the “when”.

#### Example Roadmap



This can also be depicted as a timeline as is shown below.

*Example ICT Road Map*



## 3.2 Ownership

To ensure that a road map is appropriate and that it is kept to, there must be clear ownership of all systems. Each system should have a Business Owner and a Systems Owner.

### 3.2.1 Business Owner

The Business Owner of a system will normally be the primary user of the system e.g., the Sales system should be owned by the Sales and Marketing Team. They are the ones that can specify what is required to meet the business objectives and goals. They are also in the best position to argue for additional funding for changes and enhancements.

If the system is not working or is not providing the support required it is their business that is affected.

### 3.2.2 Systems Owner

The Systems owner is the provider of the infrastructure to run the system and the systems management to ensure the systems remain operational and perform as required e.g., the Systems owner will identify that an outage is required to perform some maintenance tasks, but it should be the Business owner who has the final say on when that outage will be.

### 3.2.3 Director's Responsibilities

It is also important that it is recognised that under the New Zealand Standard for Corporate Governance of Information Technology<sup>5</sup>, Directors have a responsibility to ensure that “the strategic plans for IT satisfy the current and ongoing needs of the organisation’s business strategy”.

## 3.3 Setting the scope for the Road Map

When starting off, it is important to first of all establish your scope. If you do not, the chances are that you are going to have lots of issues with people having different expectations. Expectation management is critical right from the start.

### 3.3.1 The areas of the business

Clearly define what areas of the organisation are included in the Road Map.

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<sup>5</sup> AS/NZS ISO/IEC 38500:2010

### 3.3.2 IT Systems

Decide which IT systems are included or excluded. Normally this would be defined as all or a subset of the IT systems used by the organisation areas included in the Road Map.

### 3.3.3 Manual systems, processes and procedures

Don't forget your manual system, process and procedures. These can be more critical than computer systems and are often overlooked.

### 3.3.4 Communications Systems

These days Communications systems are often a business critical facility that is taken for granted. This includes:

- Telephone (landlines) systems,
- Voice mail,
- Mobile phones,
- Inter-office computer networks,
- Video conferencing,
- Internet, and
- Web based services such as on-line ordering.

### 3.3.5 Information Management

Also often overlooked is Information Management. How many of you have been in the position where you have known the data or even the document you need is somewhere in your organisations systems, but you cannot find it?

Information is one of the most valuable assets an organisation has, but unfortunately the management of it and its security is often not given the appropriate recognition and priority.

### 3.4 Where do we start

So where do we start. The following sections give a brief introduction to this process.

#### 3.4.1 Must be business focused

All systems must be business focused. This applies whether you are a commercial business, a Not-for-Profit or a Government organisation. If you have systems that are not focussed on the business you are in, you have to ask why they exist?

#### 3.4.2 Stakeholders

A key factor in ensuring your systems are business-focussed is to identify the stakeholder groups that they may service.

These could include:

- ❖ Internal Stakeholders
  - Shareholders,
  - Directors,
  - Management,
  - Those at the coal face.
- ❖ External stakeholders
  - Suppliers & Sub Contractors,
  - Customers,
  - Competitors,
  - Regulators,
  - Industry regulators,
  - Central Government,
  - Local Government,
  - Iwi,
  - Interest groups.

### 3.5 The process

Before you can develop a road map you must establish the current state of your systems. If you don't know where you are now, establishing where you need to be in the future is pointless, as it will be impossible to establish how to get there. There are three fundamental deliverables required in ensuring your systems support your business direction. These are:

- ✓ Current State Analysis
- ✓ Future State Analysis
- ✓ Road Map.

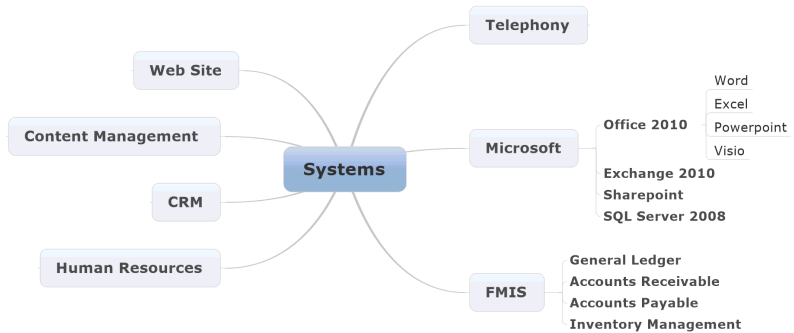
#### 3.5.1 Current State

The current state analysis should be at a strategic level. This should include:

- ✓ Existing systems
- ✓ Projects under way
- ✓ Systems interdependencies
- ✓ High level infrastructure diagrams
- ✓ Risks and weakness that currently exist.

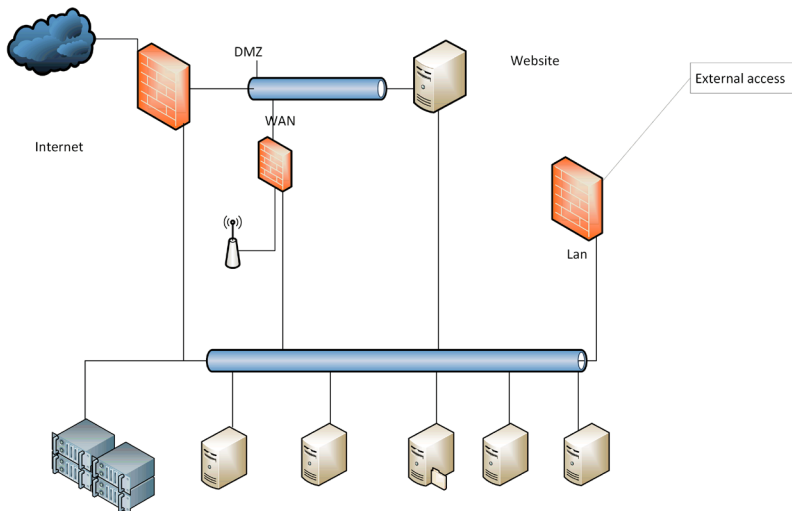
### *a. Mind Map of Systems*

A useful way to represent the existing applications is by way of a mind map such as this.



### *b. Network Diagram of infrastructure*

A high level network diagram such as that below can also be useful in representing the current infrastructure.



### 3.5.2 Future State

Having established the current state and identified the gaps between the current state and business objectives, we can now establish the future state. This is what systems and processes you need in place to support the current and future objectives of the business i.e., what do we need in place to support the direction the business wants to head?

### 3.5.3 How do we define the Future State

Working with the organisation and other key stakeholders, and using the same tools used to represent the current state, we can define where the organisation's systems are required to support current and future business objectives i.e., the Future State.

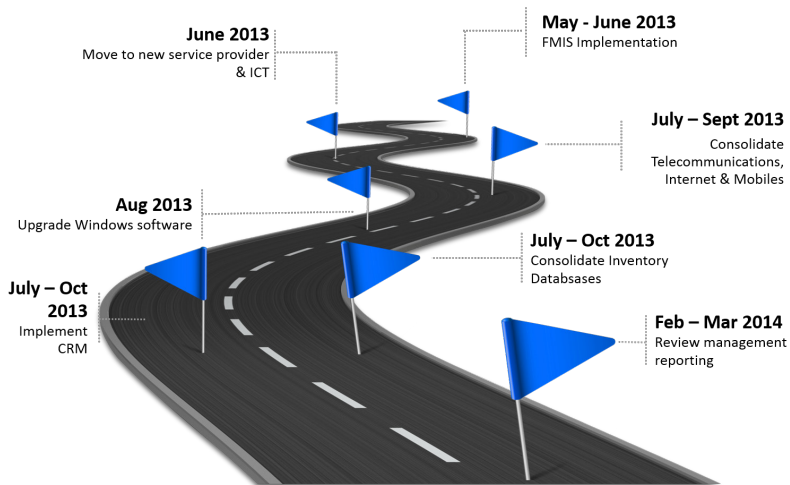
The scope of the Future State should be based on the scope for the Current State analysis. It must include all areas of the organisation's systems, including manual processes and procedures.



### 3.5.4 How do we get there

Having established the Current State of systems and how they align, or do not, to business objectives, and having developed the Future State analysis i.e., where we are now and where we want/need to be, the next step is to develop a Road Map of how to get to where we need to be to enable the business to achieve its objectives.

## Example Roadmap



This Road Map should identify:

- ✓ Quick wins
- ✓ Fast pay backs
- ✓ Longer term strategies

## 4 Ensuring Systems continue to Support the Organisation

Having developed your Road Map, it is important to realise that this is a living document. It should be formally reviewed at least annually. The importance of this review process cannot be understated. Technology is rapidly evolving and organisations are dynamic creatures and therefore their objectives can also change. It is no good following a Road Map to a place you no longer want to go to.

## 5 Conclusion

As we hope to have demonstrated in the preceding pages, it is vital that systems be aligned to the organisation's objectives and that to achieve this, a Road Map for your systems is required.

If you would like to discuss how this can be applied to your organisation please do not hesitate to email Ian at the address below.

[ian@ipaconsulting.co.nz](mailto:ian@ipaconsulting.co.nz)

## Who is Ian Abrahams

Ian Abrahams has over 25 years' experience with assisting organisations to ensure that their systems support their business both now and in the future.

He has a pragmatic, business oriented approach and firmly believes that one size does not fit all.

Ian can relate to people from all levels of the organisation, quickly assimilate the functions and processes of the organisation, enabling him to present a holistic view of the business requirements and how these can be met through information technology.

He has operated successfully in high pressure environments and gets things done with minimal fuss. Ian prides himself on using his experience and skills to add value to his clients' businesses.

Ian is a Certified Management Consultant (CMC)<sup>6</sup> and a Fellow of the Institute of Management Consultants New Zealand (FIMCNZ). Ian is also a Certified IT Professional (ITCP) as well as a member of the Institute of IT Professionals and the Project Management Institute.

Ian's expertise includes:

- strategic information systems planning
- information technology management

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<sup>6</sup> CMC "Certified Management Consultant" - The highest level of accreditation from the Institute of Management Consultants. For more information please visit <http://www.imcnz.org>

- organisational and project reviews
- technology reviews
- business requirements definition
- software evaluation, selection and procurement
- process analysis and design
- project management and directing
- project health checks
- project rescue
- change management and
- mentoring.

Ian's broad experience which, covers both the public and private sectors, has been obtained over a number of years as a Management Consultant and Project Manager/Director providing pragmatic advice to clients and adding value to their organisations.

Contact him at [ian@ipaconsulting.co.nz](mailto:ian@ipaconsulting.co.nz)





