

# Build a Business-Aligned IT Strategy

Success depends on IT initiatives clearly aligned to business goals.



# ANALYST PERSPECTIVE

“

*All too often, an overburdened IT organization creates a laundry list of IT to-do projects and calls it an IT strategy. Sometimes they are requests from the business; other times they are projects that simply need to get done.*

*An effective IT strategy begins with a keen understanding of business goals and is completed by clearly illustrating how IT supports those business goals.*

*Use a visually driven approach to IT strategy development to ensure business stakeholders understand and appreciate the value of your efforts.*

”

**Andy Liu,**  
Director, CIO Advisory  
Info-Tech Research Group

# Our understanding of the problem

## This Research Is Designed For:

- ✓ CIOs or IT leaders who need to develop, document, or improve their IT strategy
- ✓ IT leaders looking to become more effective
- ✓ IT leaders desiring to drive increased business value

## This Research Will Also Assist:

- ✓ IT departmental leaders who need to participate in or lead sections of the development of an IT strategy

## This Research Will Help You:

- ✓ Create an IT strategy using an efficient and logical process.
- ✓ Visualize IT's target state and articulate how it will empower the organization's success.
- ✓ Develop the IT target state and IT initiatives designed to optimize business performance and enhance IT maturity.
- ✓ Communicate the IT strategy to key stakeholders.

## This Research Will Help Them:

- ✓ Drive internal and external IT alignment through a common vision and a shared sense of purpose.
- ✓ Create a collection of initiatives that streamline progression to the target IT state.
- ✓ Establish a roadmap of initiatives to achieve the future of IT.

# Executive summary

## Situation

- IT strategies are often nonexistent or ineffective: **84% of IT departments surveyed claim their IT strategies are less than adequate.**
- IT does not do a good job of communicating their support for business goals: **47% of business leaders feel that their goals are unsupported by IT.**

## Complication

- The average life span of organizations is getting shorter; industry leaders are using technology as the key differentiator to gain and maintain a competitive advantage over their peers (Anthony, 2017).
- Two of the top three expectations for CIOs are to align to business strategy and to transform business processes (Briggs, 2018).

## Resolution

- Use Info-Tech's *IT Implications Checklist* to discern IT implications from the business context.
- Clearly communicate to business executives how IT will support the organization's key objectives and initiatives using the *Executive Presentation Template*.
- Use Info-Tech's *L-M-H Initiative Prioritization Tool* to help make project decisions in a holistic manner that allows for the selection of the most valuable initiatives to become part of the IT strategic roadmap.
- Demonstrate to business executives and the IT organization how the IT strategy was created using Info-Tech's *IT Strategy Template*.

## Info-Tech **Insight**

- Everything IT does should support the business. A list of projects is not a strategic plan. A good strategy clearly links IT initiatives to business goals.
- Business stakeholders cannot translate how IT initiatives will help achieve their objectives. IT needs to work together with the business through the IT strategy development process.
- A well-crafted IT strategy is critical to enhancing business stakeholder satisfaction and building relationships with business stakeholders.

# IT departments that have not developed IT strategies experience alignment, organization, and prioritization issues



## Missing alignment with business executives

Business executives are unaware of how IT is supporting the organization. The CIO is seen as an order taker by business executives. This usually results in the demands on IT far outstripping the IT budget.



## Lack of organization

IT's financial, technical, and human resources are not organized around organizational objectives.



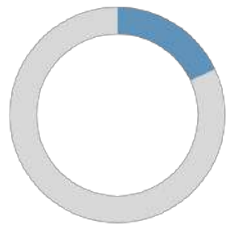
## Project prioritization issues

Projects and initiatives are not prioritized around business objectives. Synergies and dependencies are recognized too late. Projects are often late or put on hold because of sudden changes to business requirements.

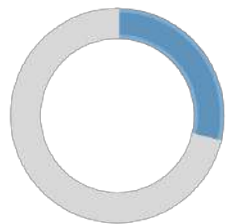
# CIOs who develop IT strategies are seen as more effective managers and stronger business partners

The percentage of business executives that rate CIOs as “effective” and/or “very effective” in the following areas changes significantly depending on whether the CIO has developed an IT strategy.

## Without an IT strategy:



**18%**  
*Alignment with  
business*



**29%**  
*Project prioritization*

## With an IT strategy:



**47%**  
*Alignment with  
business*



**49%**  
*Project prioritization*

Source: McKinsey & Company, 2015

# CIOs and IT leadership face four key issues preventing them from developing effective IT strategies

Most IT departments lack the skills to develop an effective IT strategic plan. A staggering **84% of IT departments surveyed claimed their IT strategies were less than adequate**. Below are the most common issues with developing IT strategies:



## Business dependency

IT leadership has difficulty identifying the business context.



## No iterative process

There is no defined process to creating IT strategies. IT reinvents the wheel every time.



## Misaligned strategy

The IT strategy's alignment to business context is not clear.



## Complex strategy

The IT strategy is not clear enough for business stakeholders to understand.

Source: CIO Journal, 2012

# Info-Tech's methodology helps your organization overcome those four key issues while developing your IT strategy

**This blueprint focuses on creating an IT strategy**, but the methodology begins by first understanding the business context.

## Understanding the Business



Having a clear understanding of the business is crucial to creating an IT strategy that aligns with, enables, and drives the business forward. Instead of guessing what the business needs, a deep dive is required to align with business goals and become a partner in the organization. **This blueprint contains activities to discover and document the details IT needs from the business to build an IT strategy.**

## Define an IT Strategy & Roadmap



An IT strategy helps the IT team identify, organize, and execute IT's goals, capabilities, and initiatives. This will support the entire organization's technology needs, from running the service desk to driving innovation. **This blueprint will help to create and document the IT strategy, mature the IT department, and increase business alignment.**



# IT organizations that have used Info-Tech's methodology to build IT strategies experienced significant value

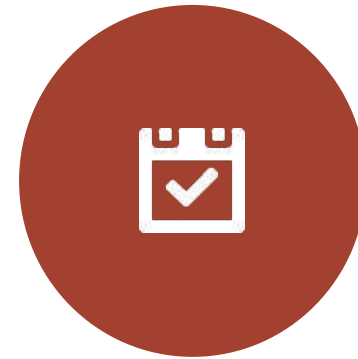
## Measured value for Info-Tech's IT strategy workshop



**\$55,353**

***Average Impact\****

\*Only includes value experienced from Info-Tech's workshop. Does not include additional monetary impact (e.g. budget increases, IT initiative approvals).



**26.7**

***Average Days Saved***

Info-Tech's Measured Value Surveys

# These IT organizations also experienced a sizable increase in business satisfaction indicators

## Average increase in business satisfaction key performance indicators after IT strategy workshop

7.1 point increase in overall IT satisfaction

6.3 point increase in IT communication

5.3 point increase in overall IT value

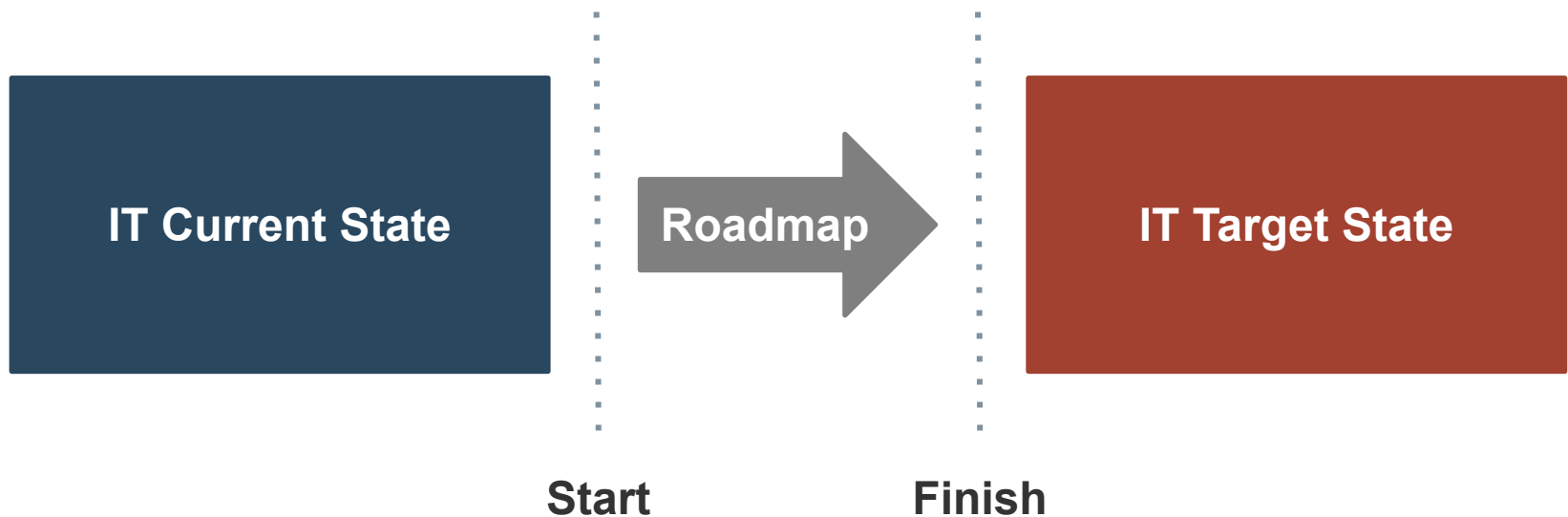
5.3 point increase in IT execution

5.0 point increase in IT understanding of needs

Source: Info-Tech's CIO Business Vision Diagnostic

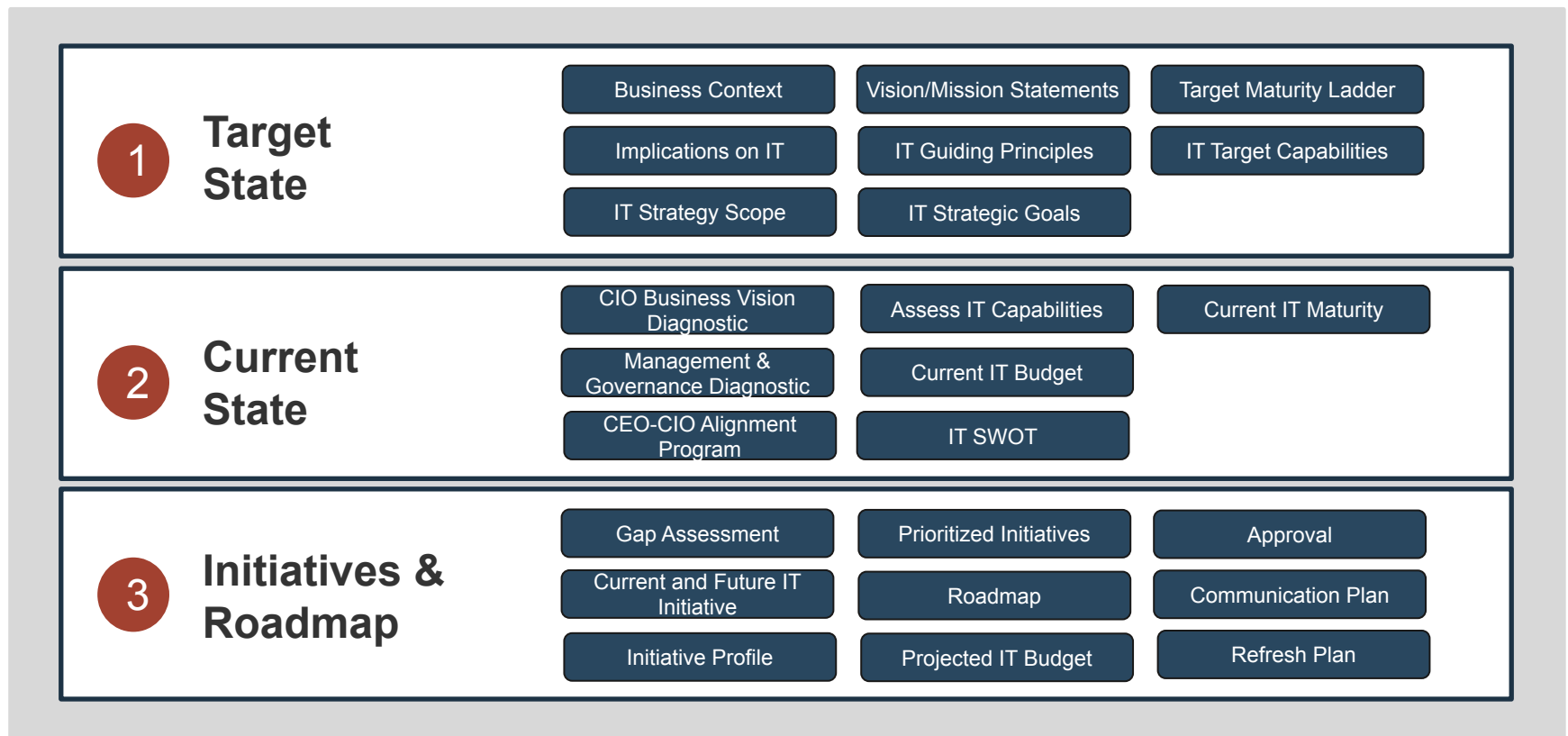
# This blueprint is designed to create a roadmap that moves IT from the current state to target state

Reaching the target state is the ultimate goal of an organization, accomplished via the completion of initiatives. By uncovering the current state and the ideal target state, a roadmap can be created to chart initiatives and achieve the organization's goals.



# Info-Tech's methodology walks you step-by-step through the activities that will enable effective IT strategy development

With demands for faster change on a budget, you need a dynamic methodology that helps IT achieve the target state. Info-Tech is here to help.



# Customize Info-Tech's templates with the activities in this blueprint

**Time is your most valuable asset. Let Info-Tech start you off running.**

Reap early value by using the [Executive Presentation Template](#) and [IT Strategy Template](#). Document the content created by your team as it works through the blueprint. Activity slide outputs that can be documented in the templates are denoted in the top-right corner with the following symbols:

Executive  
Presentation  
Template

When you see this symbol, the corresponding activity can be documented into the *Executive Presentation Template*.

The goal of this template is to create a presentation of the IT strategy for business executives.

IT  
Strategy  
Template

When you see this symbol, the corresponding activity can be documented into the *IT Strategy Template*.

The goal for this template is to create a detailed presentation of the entire IT strategy. The audience is both IT and the business.

# Use the following metrics to gauge IT strategy success

Goal of an IT Strategy	Key Metric
The IT strategy is built to support the business.	<ul style="list-style-type: none"><li>• Improvements in business stakeholder satisfaction survey feedback.</li><li>• Percentage of business goals for which support can be traced to the initiative level.</li><li>• Percentage of key IT initiatives that have their budgets justified and supported as a result of the strategy.</li></ul>
The IT strategy provides the IT organization with an understanding of its shortcomings.	<ul style="list-style-type: none"><li>• Number of new roles, processes, and sourcing options identified by developing the IT strategy.</li><li>• Number of IT capabilities that are redesigned, enhanced, and removed.</li></ul>
There is awareness of the IT strategy in the organization and a clear assignment of accountability for execution.	<ul style="list-style-type: none"><li>• Percentage of IT strategy components that are integrated as part of staff performance goals.</li><li>• Number of times the IT strategy is examined for refresh during its time horizon.</li><li>• Percentage of IT initiatives with clear accountability assigned.</li></ul>

**Start tracking these metrics now to see how you've improved later.**

Source: ISACA, 2012

# Use the following metrics to calculate the monetary value generated from developing your IT strategy

**Monetary Gain** = (# of IT initiatives cancelled \* the budget for each cancelled initiative) + (# of new IT initiatives added \* the budget for each added IT initiative)

**Headcount Gain** = (# of employees increased as a result of IT strategy)

**IT Cost Reduction Improvement** = (IT's % of total budget reduced – organization's budget reduction benchmark)

**Start tracking these metrics now to see how you've improved later.**

Source: ISACA, 2012

# A CIO's journey through building an IT strategy using Info-Tech's methodology



## CASE STUDY

Industry *Financial Services*

Source *Info-Tech Workshop*

### Situation:

Info-Tech conducted an IT strategy workshop for a mid-sized financial services organization in the US. The organization had experienced massive layoffs caused by market pressures. The IT department had to lay off one-third of its personnel. The CIO needed to better prioritize resources but had never done a formal IT strategy before.

### Action:

Info-Tech's analysts were brought on to create an IT strategy using Info-Tech's methodology. They first interviewed business executives to learn and understand their needs. Using the business context, Info-Tech's analysts helped the IT leadership team understand the desired target state for IT. As well, the analysts reviewed survey information that identified to IT leadership the areas in the current state that required improvement. Lastly, the analysts created a roadmap for addressing these areas.

### Results:

The IT strategy was well received by business executives, and the IT team delivered against the roadmap successfully. This resulted in 21-point year-over-year increase in business satisfaction with IT and a 19-point year-over-year increase in perceived IT value from business stakeholders. Additionally, IT was given a substantial budget and headcount increase the following year.

This case study included the following components:

**Understanding the organization**

**Implications and opportunities for IT**

**Current state of IT**

**Future state of IT**

**Gap analysis and roadmap**



# Info-Tech offers various levels of support to help you develop your IT strategy



**Diagnostics and consistent frameworks used throughout all four options**

# Build a Business-Aligned IT Strategy – project overview

## 1. Identify the Target State

## 2. Assess the Current State

## 3. Bridge the Gap and Create the Strategy



### Best-Practice Toolkit

1.1-1.3 Identify the IT implications and set the IT strategy scope.  
 1.4 Create the vision and mission statement along with guiding principles.  
 1.5-1.8 Create IT goals, identify target IT maturity, and define target-state IT capabilities.

2.1-2.4 Assess current-state IT capabilities using Info-Tech's diagnostics.  
 2.5-2.7 Review current IT budget, conduct IT SWOT analysis, and identify the current IT maturity.

3.1-3.8 Conduct gap analysis and define necessary initiatives to show how to get to the target state.  
 3.8-3.13 Create initiative profiles, determine budget gap, summarize IT strategy benefits, and create a roadmap to move toward IT strategy approval.  
 3.14-3.17 Secure approval, communicate, and refresh the plan.



### Guided Implementations

- Identify the business context status and IT implications.
- Create components of the IT target state.

- Assess current IT capabilities and budget.
- Examine additional factors impacting IT and identify the current IT maturity.

- Assess the gaps between the current and target states.
- Work toward IT strategy approval.



### Onsite Workshop

**Module 1:**  
 Identify the Target State

**Module 2:**  
 Assess the Current State

**Module 3:**  
 Bridge the Gap and Create the Strategy

**Phase 1 Outcome:**

- Defined IT target-state components.

**Phase 2 Outcome:**

- Defined IT current-state components.

**Phase 3 Outcome:**

- Identify initiatives to reach the target state.
- Prepare strategy for approval.

# Workshop overview

Contact your account representative or email [Workshops@InfoTech.com](mailto:Workshops@InfoTech.com) for more information.

	Workshop Day 1	Workshop Day 2	Workshop Day 3	Workshop Day 4	Workshop Day 5
<b>A</b>	<p><b>Answer “So What?”</b></p> <p>1.1 Review the business context summary created pre-workshop.</p> <p>1.2 Review links between business capabilities and initiatives with business goals.</p> <p>1.3 Determine the implications to IT from the documented business context.</p> <p>1.4 Group the IT implications into themes.</p> <p>1.5 Confirm the IT strategy scope.</p>	<p><b>Define the IT Target State</b></p> <p>2.1 Create the IT vision statement and IT mission statement.</p> <p>2.2 Define IT goals and guiding principles.</p> <p>2.3 Determine the IT goal alignment to business goals.</p> <p>2.4 Indicate the target-state IT maturity.</p> <p>2.5 Identify target-state IT capabilities required to achieve IT goals.</p> <p>2.6 Consolidate target IT capability map.</p>	<p><b>Assess the IT Current State</b></p> <p>3.1 Review diagnostic results.</p> <p>3.2 Assess current IT capabilities.</p> <p>3.3 Review current IT budget.</p> <p>3.4 Conduct IT SWOT analysis.</p> <p>3.5 Identify current-state maturity.</p> <p>3.6 Assess the gaps between current- and target-state capabilities.</p>	<p><b>Bridge the Gap and Create the Strategy</b></p> <p>4.1 Map key current IT initiatives to IT and business goals.</p> <p>4.2 Brainstorm initiatives to address the gaps in capabilities.</p> <p>4.3 Create initiative profiles.</p> <p>4.4 Prioritize IT initiatives.</p> <p>4.5 Create roadmaps for key IT initiatives.</p> <p>4.6 Identify required IT budget.</p> <p>4.7 Summarize the highlights of the IT strategy.</p>	<p><b>Next Steps and Wrap-Up (Offsite)</b></p> <p>5.1 Complete in-progress deliverables from the previous four days.</p> <p>5.2 Set up review time for workshop deliverables and to discuss next steps.</p>
<b>D</b>	<p>1. Links between business capabilities and initiatives with business goals</p> <p>2. Implications on IT from the business context</p> <p>3. IT strategy scope</p>	<p>1. IT vision statement</p> <p>2. IT mission statement</p> <p>3. IT guiding principles</p> <p>4. IT goals</p> <p>5. Target-state IT capabilities</p>	<p>1. Documented current IT capabilities</p> <p>2. IT SWOT analysis</p> <p>3. Overall IT capabilities gap analysis</p>	<p>1. Documented relationship between IT goals, capabilities, and initiatives</p> <p>2. List of new initiatives to reach the target state</p> <p>3. IT initiative profiles</p> <p>4. IT strategy prioritization matrix</p> <p>5. IT strategy roadmaps</p>	<p>1. Completed IT strategy template</p> <p>2. Draft of executive presentation</p>