

A GUIDE TO DELIVERING I.T. BUSINESS VALUE

By Jason Daube, John Herson, and Matt Lyteson

EXECUTIVE SUMMARY

Technology has become more consumer-focused and easier to use. IT organizations are playing a more prominent role within business, and as a result are under increasing pressure to develop new, innovative ways to deliver services. They must not only support existing business needs through their traditional focus on infrastructure, software, and development, but also help accelerate growth.

This transition to align IT priorities with business strategies requires IT organizations to build strong business relationships, using trust and partnership to deliver business value. These relationships are built on the following principles:

1. Partnership
2. Shared responsibility for objectives
3. Measurable outcomes
4. Strategic execution



Figure 1. The principles of I.T. business value

This whitepaper is a guide to help IT professionals become trusted technology advisers who accelerate optimal business results. By referencing these simple guidelines, supported by multiple industry sources, IT team members can build strong business partnerships to effectively achieve shared objectives.



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DEFINING THE PRINCIPLES OF I.T. AND BUSINESS VALUES

Businesses often expect IT teams to rapidly deliver complex technologies. With the ubiquity of smartphones and applications, business professionals have become accustomed to a consumer experience where any problem can seemingly be solved immediately and simply. These experiences outside the workplace are affecting expectations of business IT. In addition, IT teams face increased demand as multiple priorities compete for the same resources, time, and budget.

As expectations continue to shift, IT organizations must move beyond operational technologies, systems, and applications to also deliver business value. Business analysts and researchers with Gartner and MIT have found that CIOs and IT executives both desire a more strategic approach that better communicates IT teams' contributions.¹ To meet this need, IBM consultants constructed strategic models as a way to quantify the business value of IT and to align IT and business strategies.² What many organizations lack, according to consulting firm A.T. Kearney, is a step-by-step guide to help IT professionals prepare, identify, and communicate their objectives to a broader audience.³

To build the strong business relationships that will shape the dynamics of the IT organization, IT teams must achieve trust as technology advisers using four principles: partnership, shared responsibility, measurable outcomes, and strategic execution.

PARTNERSHIP

An IT organization is often viewed more as an order-taker than a trusted business partner. As a result, it is expected to execute without much input into the decision-making process. Becoming a trusted technology adviser creates the opportunity for IT to provide an additional, valuable perspective and ensure that technology solutions enhance business value.

To successfully build trust-based relationships, both parties must be actively involved. This process requires focus on two areas: tactical execution and knowing your partner.

TACTICAL EXECUTION

Trust-based relationships are built on one simple principle: Do what you said you would do. In IT-business relationships, this means that IT team members need to meet their commitments. To achieve this, IT team members need to provide innovative technology solutions that will help teams deliver more efficiently and economically.

Consistent delivery requires a few key elements:

- **Be transparent.** If deliverables or timing change, which happens often, IT team members should inform their business partners early. Regular communication and change management with business partners and stakeholders also ensures that they know about key milestones and achievements.
- **Communicate effectively.** When discussing capabilities with business partners or reporting a project's status, communicate in business language rather than using highly technical terms to ensure all involved parties have the knowledge they need.

¹ Hunter, Richard and George Westerman. "The Real Business of IT: How CIOs Create and Communicate Value." Boston: Harvard Business Review Press, 2009.

² Ashley, Julian and Sas Saadat. "Optimising the Business Value of IT." IBM Global Business Services. 2011, Web.

³ "Cracking the Unsolved Mystery of IT." A.T. Kearney. 2014, Web.

- **Complete high-quality work.** IT teams must deliver high-quality work to prevent business partners from seeking IT services elsewhere. Consider and incorporate business requirements and needs throughout the delivery process to keep technology and business goals aligned.
- **Deliver frequently.** Focus on shorter delivery cycles for product features and service offerings to help business partners quickly, more frequently recognize value. Follow the philosophy often used in Linux kernel and general open source software development: Release early, release often.⁴

KNOW YOUR PARTNER

To understand business partners, IT team members should focus on asking simple questions. In *The Advantage: Why Organizational Health Trumps Everything Else in Business*, Patrick Lencioni lists questions that all groups that are organized for a shared purpose should ask themselves to gain clarity of purpose, including:⁵

- Why do we exist?
- How do we behave?
- What do we do?
- How will we succeed?
- What is most important?
- Who must do what?

IT team members can use adapted versions of these questions to better understand their business partners.

WHY DOES THE BUSINESS PARTNER EXIST?

This is a simple but powerful question. By asking this simple question repeatedly, you can trace requirements and motivations until there is a clear understanding of the reason a business partner's organization has come together. This concept is very similar to root cause analysis, asking *Why?* to determine the root cause of a problem.⁶

WHAT DOES THE BUSINESS PARTNER DO?

To effectively engage in relevant discussions about determining a business partner's responsibilities, IT teams research the partner's domain, including key topics within the particular field. This understanding will help IT team members learn how potential technology solutions can address key business challenges.

Most business units understand their overall responsibilities, but these are sometimes assumed rather than articulated in a way that parties outside of the business unit can easily understand. IT can help a firm develop a simple visual representation of its vision by creating a core diagram for the organization or business unit, which illustrates operational business processes, systems, applications, and data, as well as how customers experience service offerings (Figure 2).⁷

⁴ Raymond, Eric S. *The Cathedral & the Bazaar: Musings on Linux and Open Source by an Accidental Revolutionary*. O'Reilly Media, 2001.

⁵ Lencioni, Patrick. *The Advantage: Why Organizational Health Trumps Everything Else in Business*. San Francisco: Jossey-Bass, 2012.

⁶ https://en.wikipedia.org/wiki/Root_cause_analysis

⁷ <http://cisr.mit.edu/research/research-overview/classic-topics/enterprise-architecture/>

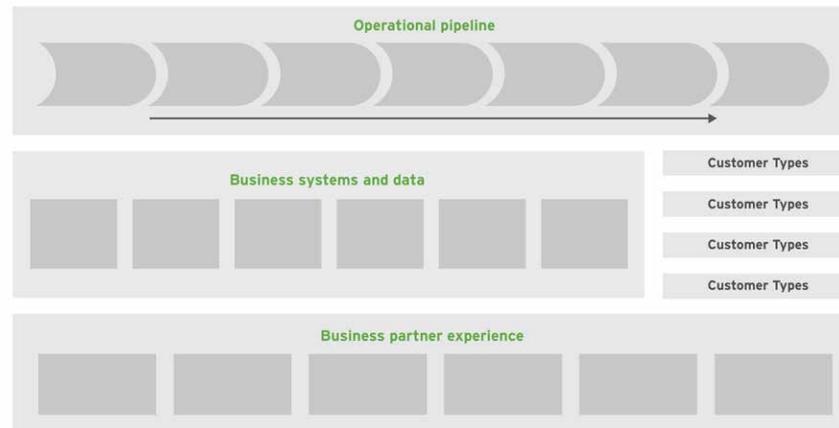


Figure 2. Core diagram example

In a core diagram, the operational pipeline layer shows the organization’s operational processes. The business systems and data layer defines what supporting technologies and data are used, while the business partner experience layer depicts the products and services the organization provides. Finally, the customer types represent the key stakeholder groups that provide input.

WHO DOES WHAT?

Once the business unit’s deliverables are identified, IT can quickly understand who is responsible for delivering those products and services. Understanding who ultimately makes the decisions for how products and services change to meet evolving business needs is key to successful IT-business relationships and helps determine shared responsibility for objectives.

SHARED RESPONSIBILITY FOR OBJECTIVES

Sharing responsibility for the organization’s business objectives will further prove that IT team members are trusted partners, helping IT support and shape business decisions.

IT team members can understand their business partners’ goals by asking, *What are the business problems?* or, more specifically, *What are the areas of the organization that business partners are trying to advance?*

IT leaders should discuss these questions with key stakeholders to compile data. Trends will emerge from the data that provide a summarized view of the top challenges to be solved.

After analyzing the key business problems, IT can present a summary of the data to the business partner that identifies 3-5 top core objectives. This summary should highlight the potential value of accomplishing those objectives, which relates to measuring business outcomes.

MEASURABLE OUTCOMES

In addition to defining key business objectives for the organization, IT and its business partners should identify the most effective methods to measure the success of business outcomes. Measuring business outcomes lets partners quantify return on investment (ROI) to the organization.

The following is a simple formula for measuring the success of business outcomes:

Results from objectives = Business outcomes

However, while business outcomes illustrate the resulting value, this value must be measurable and quantifiable to determine how much positive change was accomplished and to determine the contributions to business objectives. A measurement is a key performance indicator (KPI) metric that will help illustrate results.

IT teams should ask, *How does the business partner measure success?* Lencioni defines this as several questions:⁸ *How will we succeed? What defines success? When what we do is accomplished, what will the results look like?*

For example, when expectations are met or exceeded, that result might be increased revenue or savings. More specifically, there are two types of key outcomes:⁹

- **An operational outcome** improves working results, such as improving system availability or reducing system downtime.
- **A business outcome** contributes to the business, such as increased value, decreased costs, or improved system functionality—for example, an increase in website sales due to an enhanced user experience.

OUTCOME PRIORITIZATION

Some outcomes are more important to an organization’s success than others, and the partners must establish a consistent approach to prioritizing them. Without prioritization, an organization risks focusing on outcomes that waste valuable resources or do not deliver real business value.

A simple statement can be used for prioritization: The outcomes that deliver the highest measurable business value with the least amount of effort should be prioritized first. To map these outcomes, a quadrant priority map is useful.

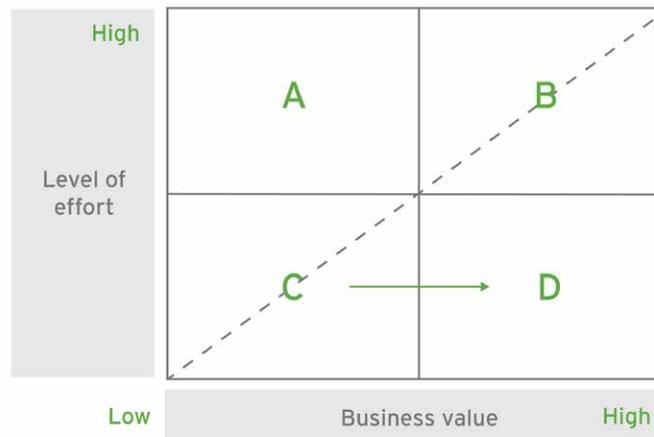


Figure 3. Priority mapping diagram example

⁸ Lencioni, Patrick. *The Advantage: Why Organizational Health Trumps Everything Else in Business*. San Francisco: Jossey-Bass, 2012.

⁹ Hunter, Richard and George Westerman. *The Real Business of IT: How CIOs Create and Communicate Value*. Boston: Harvard Business Review Press, 2009.

In a priority map, outcomes identified below the diagonal dotted line are candidates for higher priority. For example, in Figure 3, the outcomes in box D, which require a low level of effort but deliver high value, are a starting point for executing work activities. Those in Box A represents a high level of effort with low business value and, as a result, that work should have lower priority. Box B contains outcomes with high business value but also a high level of effort, meaning those outcomes may be achieved in the future rather than being more rapidly prioritized.

STRATEGIC EXECUTION

After establishing the foundation of a solid partnership and shared objectives between IT and business partners, then developing outcomes that can be measured and tracked, the final step is bringing these elements to a state where IT and the business can work together to achieve their vision with agility, adaptability, and speed.

STRATEGY MAPS

Visibility into the prioritized business outcomes—linked to the shared objectives—is key to achieving success. A strategy map can articulate the relative prioritization of the objectives and outcomes over a relative time frame.

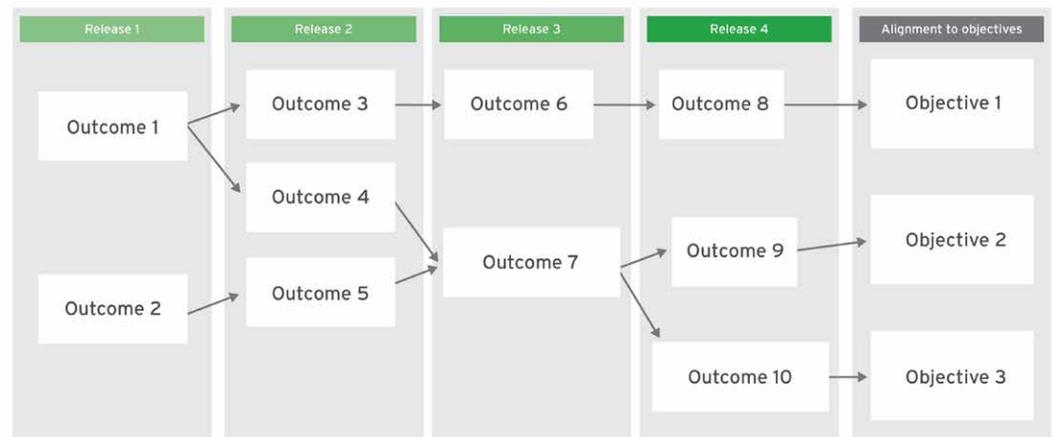


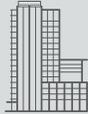
Figure 4. Strategy map diagram example

The strategy map depicts a prioritized set of outcomes with mapped dependencies, showing a clear path to achieve the related objectives. Business partners can use the strategy map to approve projects based on strategic alignment and top business priorities.

The map shows the intersection of project approval and project scope. Clearly identifying what is approved and how it will be executed helps IT better align its efforts with larger business strategy.

CONCLUSION

The basic foundational element to delivering business value through IT is trust, which is earned when IT successfully, tactically delivers what is promised. New initiatives that take advantage of emerging technologies—such as mobile applications, data analytics, and automated business logic—let IT provide useful expertise for new business projects. But for that expertise to be shared effectively, IT departments must build a trusted reputation with core business departments.



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To build these trusted relationships, IT teams should:

- Understand their business partners' priorities.
- Establish a sense of shared responsibility.
- Identify measurable outcomes.
- Define tools and platforms for strategic execution.

To fulfill these goals, IT departments should complete the following steps:

- 1. Partnership.** Identify stakeholders and natural partners, then begin cultivating relationships.
- 2. Shared objectives.** Understand business objectives by identifying potential problems for major project checkpoints and clarifying what needs to be jointly accomplished.
- 3. Measurable outcomes.** List definite metrics for shared objectives to track progress and success. Determine priorities by finding objectives that offer the highest business value with the least effort.
- 4. Strategic execution.** Use strategy maps to align measurable business outcomes to key objectives that will generate the most value to the organization.

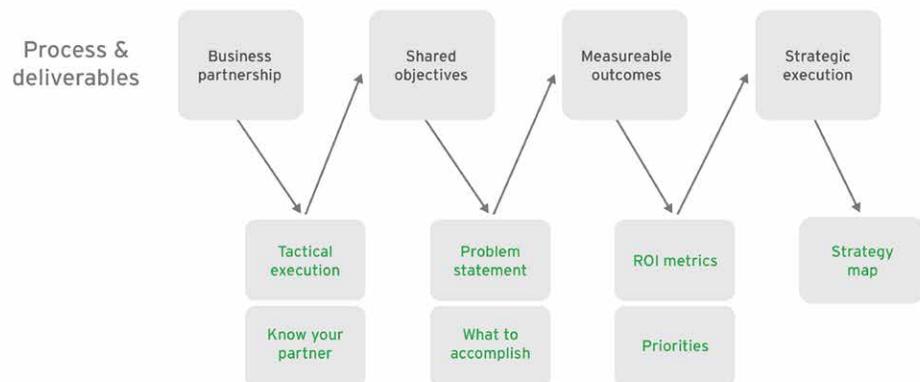


Figure 5. The process of I.T. business strategy

Using these and other principles discussed in this whitepaper, IT departments can better understand their business partners and their strategic values. As a result, IT teams can operate more effectively, creating a reputation that IT is a reliable expert resource for business alignment and strategies.

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