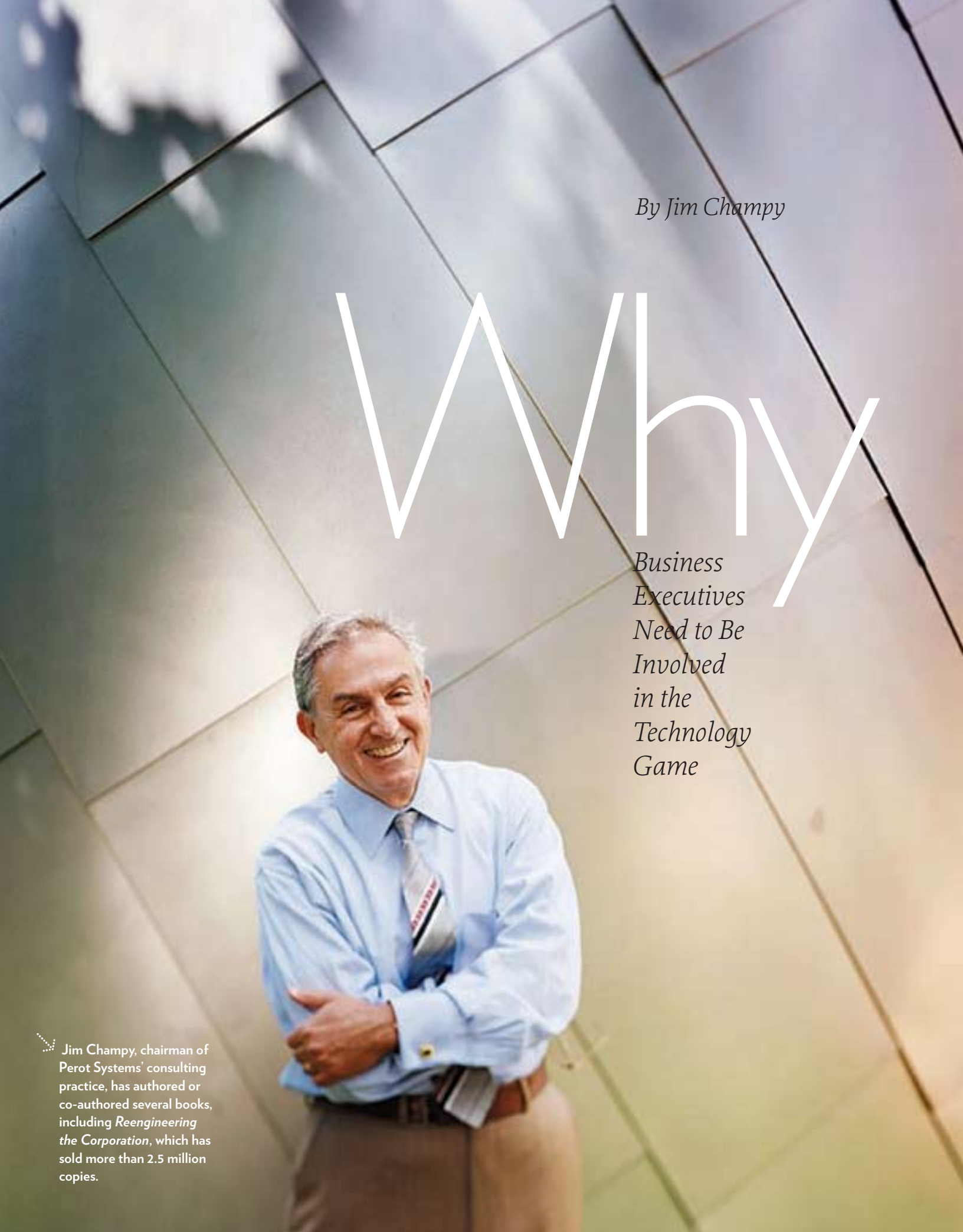
By Jim Champy

Why

Business Executives Need to Be Involved in the Technology Game



Jim Champy, chairman of Perot Systems' consulting practice, has authored or co-authored several books, including *Reengineering the Corporation*, which has sold more than 2.5 million copies.

Large technology projects are a thicket where some business executives still don't want to tread. 'Too much complexity,' they think. 'I'm too busy for all that detail. Information technology has become so ubiquitous; it's not worth my (executive) time.'

This is dangerous (and old-fashioned) thinking. The ubiquity of information technology, when combined with new business processes, can change not only how a company does its work, but also what a company delivers. Services and products—from banking to retailing to logistics—are being redefined by information technology. Executives who ignore how and where their company is spending on technology do so at their corporate peril.

AVOID DISASTERS

Large information technology efforts are prone to serious breakdowns when an executive decision maker isn't present. Several times in my consulting work, I've observed the phenomenon, and its unfortunate aftereffects, unfolding.

One company—a technology company itself—committed huge resources to automate its supply chain. The work required a new hardware infrastructure and a commitment to significant, multi-year software licenses. A representative design team was appointed. But the team spent most of its time arguing about how every warehouse and region was different and why, therefore, software and solutions had to be customized. There was no executive around to stop the debate and make intelligent decisions. The result was a set of design compromises that drove the cost of the project—and eventually the project itself—off the edge. The project was abandoned after the company had spent more than $80 million on it.

Contrast that story with the experience of a large metals fabricator that took a different path. (I sometimes think people who bend steel are more pragmatic than techies.) It, too, was implementing major new supply chain processes with supporting new technologies. The company's chief operating officer took an active role in making decisions whenever the design team got bogged down or stayed in debate for too long. I marveled at this COO's understanding of implementation issues. He insisted that every process and technology would be standardized across the company unless the team could make a compelling case that a region or warehouse was different. It's a policy I would urge most executives to adopt.

STANDARDIZE

When companies allow non-standard processes and technologies to proliferate, they invite increases to both development and maintenance costs and impede the degree of process integration that good business practice requires. Whenever I see a company with multiple, non-communicating e-mail systems, that can't close its books because it has difficulty rolling up its numbers, or has operating breakdowns with suppliers and customers, I know that non-standard technologies and processes might well be the culprit. Engaged executives must make top-down decisions on standardization.

ENVISION TRANSFORMATION

But executive involvement in IT decisions isn't just about avoiding disastrous projects and standardizing processes. The bigger opportunity is in the transformation of business. Evidence of technology's power is everywhere: Digitization of trading processes transformed the brokerage industry. Getting consumers to their websites first became a life-altering game for retailers. New automobiles are embedded with intelligent sensors and technologies. Entertainment is being redefined by what technology enables. This is not Internet hype. It's about how products, businesses, and industries are changing.

DEFINE YOUR DASHBOARD

The availability of data allows an executive to manage more aggressively and with more certainty. Today, I observe many executives closely analyzing immediate feedback from Internet transactions. They can test faster than ever how customers are responding to services or products. And they can move more quickly to put a new service or product on the market. If you believe in making decisions based on real information, you can distill the volumes of data that sit within your company to a set of key operating metrics—popularly called an operating "dashboard." But it's the executive who must define those metrics.

I'm not arguing that executives have to become technologists or get mired in the details of systems implementation. Rather, I'm saying that executives must refine their talent for making decisions on where to place technology bets—and they must have an appetite to be in the technology game. What information technology enables today is too important to ignore.

STAY INVOLVED: Steps Business Executives Should Take

- **PERFORM** a quick audit of your business processes. See what works well and what's broken. Then ask how technology might enable a better way of doing the work. Remember, information technology adds no business value without an associated business process.
- **TALK** with the people who run your IT organization and see if they share your business sensibilities—and if they know where you want to take the business operationally.
- **IF** your company is undertaking a large information technology effort, sit in on a few of the design sessions and see how decisions are being made. Ask someone to describe in simple terms the technology options that are on the table and how decisions will be made.
- **ASK** your IT department how much money is being spent each year to operate and maintain existing systems and how much is devoted to new systems and technologies. You might be surprised at what you are spending to maintain legacy systems and how little is being spent to prepare for the future.
- **ASK** your customers how easily they are able to interact electronically with your company. A lot of business is being done over the Internet today, but these transactions are not always seamless. You need to know how your processes and systems are working for your customers.

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