BAS *Success Story* Aligning Business Strategy With IT Spend

Leading insurance and financial services provider calls on BAS to define IT Governance processes that are aligned to its business processes.

Engagement Snapshot

▶ Provide IT business management support in planning & documentation, research, analysis, coordination and technical & business insight

▶ Develop and deliver a comprehensive program structure, roles and responsibilities, governance model and decision-making framework to substantiate the infrastructure framework and its related activities

▶ Linkage and alignment between the primary business goals and IT investments/programs

▶ Development and execution of a communications and message plan and execution

Primary Client Goals

▶ Align IT resources to business strategies and goals

▶ Strengthen governance

▶ Increase benefit in use of capital

Accomplishments

▶ Enhanced communications methodology between IT and business partners

▶ Alignment of IT centric goals with business goals

▶ Established a sustainable forum for review and prioritization for resource deployment

▶ Provided structure and sustainable process for data collection and template for regular communications

▶ Provided coaching to IT Department on how to present objective data and to the business on how to interpret and utilize the data from IT

About the Client

This client is a leading provider of insurance and financial services with operations throughout the U.S. and the Latin America, Europe and Asia Pacific regions. The company offers life insurance, annuities, auto and home insurance, retail banking and other financial services to individuals, as well as group insurance, reinsurance and retirement and savings products and services to corporations and other institutions.

The Challenge: Governance and management of IT resources are hampered by ineffective communications, lack of transparency, and no real accountability

As is the case with many organizations, the IT department within this insurance and financial services provider was structured as a cost center, creating a gap between it and the business units it served. The management teams of IT and the business units reported into separate senior executive teams, resulting in department priorities that did not incent partnership. The IT department was not permitted to hire business-oriented staff to support the governance and financial processes, and the functional business managers lacked the expertise to help prioritize IT resource deployment to better meet their needs.

The gulf between IT and the business units presented serious problems for the company. Monies and other resources were deployed ineffectively, and IT projects – critical to the success of all multi-national corporations – were not properly aligned to the company's business goals.

The lack of business context among the IT staff, along with the divergent priorities for IT and the company's business units, and separate reporting structures made bridging the gap between IT and the business units nearly impossible.

Board Advisory Services: Translating Needs Between Business Units and IT Resources

The company's IT senior management requested Board Advisory Services (BAS) to help them address these critical issues. BAS is an organization whose principals have great depth and breadth of business and IT

It was soon apparent to BAS that the IT and business units lacked an effective means of communications; each side framed their language in terms relating to their specific functions.

Management experience, including the financial analysis aspects. Their years of experience in managing large P & L's enabled them to understand the needs of the business units as they relate to the management, prioritization and deployment of IT resources.

To assess the full scope of the problem, BAS analyzed all of the information concerning the funding and project information concerning IT. Additionally, they interviewed the business partners to understand IT issues from their point of view.

The Solution Begins with Speaking the Same Language

It was soon apparent to BAS that the IT and business units lacked an effective means of communications; each side framed their language in terms relating to their specific functions. For example, IT had a tendency to focus on application development and physical infrastructure, while the business units spoke of values, transactions and processes that could span multiple applica-

tions. To address this issue, BAS needed to coach the IT management team's understanding and using the terminology of their business partners.

Business-Oriented Documentation

The documentation distributed to the business units tended to be extremely IT-centric. BAS proposed that the IT team replace it with documentation and communications that was more business-oriented. They taught the IT department to use business terms when describing IT activities, resource deployment and valued delivery.

By focusing on the business, IT communications offered a higher degree of relevancy to the business units and ensured a greater level of strategic alignment between resource-spend and business strategies.

A Communications Strategy that Fostered Trust and Confidence

To fully address the misalign-

ment between IT and the business units, the departments would need to form relationships that were built on trust. To achieve this goal, BAS encouraged the IT team to meet regularly with the business units in order to review the prioritization and deployment of IT resources.

BAS collaborated with their IT clients on the agendas, and helped them to set goals for each meeting. BAS developed a template for regular communications, and a supporting process to gather information to present to the business partners.

As these face-to-face meetings unfolded, with documentation of priorities, constraints and other issues presented in terms readily understood by the business partners, the business unit managers soon learned to trust the IT deployment teams. These meetings offered an unprecedented level of transparency in IT deployments, which helped both sides to see their relationship as a true partnership.

Sustainable Change in Relations

The forum for communications developed by BAS has completely transformed the relationship between the IT department and its business partners. Uncertainty and doubt have been replaced with trust, confidence and transparency. The business units now

fully understand that IT is committed to their success, and IT is now able to communicate the process, constraints and prioritization of deployments in ways that were meaningful to the business units.

To help the business units embrace change when change was necessary, BAS coached the IT department on how to present data objectively. More importantly, BAS designed and implemented with their client a sustainable process for the ongoing communication and prioritization of IT resources. Because of the personal partnerships that the IT executive formed with each of the business unit executives, the business units themselves saw the wisdom of allocating some of their precious financial and human capital resources horizontally across multiple lines of business, helping to serve the overall corporate goals versus allocating pools of funds based on vertical business goals.

Tangible Results

As a result of the engagement with BAS, the IT department has been able to significantly improve its relationship with its business unit customers, and to maintain that improved state as they move forward with future projects. And due to their coaching, the IT deployment teams have broadened their insight for planning future projects and processes.

BAS helped to improve overall operating efficiency of IT resource management, including expense management, deployment of resources, and better leverage and utilization of capital across a broader set of businesses within the company. For example, BAS developed financial analysis tools and methodologies for IT management to communicate with the business. This dialogue allowed improved management of demand based on cause and effect from the business drivers.

BAS helped to increase trust, improve communications, and broaden insight for planning future projects and processes. BAS also helped to create a larger pool for shared financial resources for deployment across a division, one that covers multiple functions. Finally, BAS has provided increased value in the allocation of capital, building flexibility in the ongoing prioritization of IT projects and activities. For example, monthly review of current and new projects allowed for redeployment as business priorities shifted.

About Board Advisory Services

Board Advisory Services (BAS) offers the right level of expertise that executives need to gain insight and evaluate business operations, and to grow the knowledge base of team members so that they may step up to the continuing demands of the enterprise. Clients leverage BAS expertise —stemming from decades of experience in business management and professional consulting —to determine what their next steps should be, and then execute them. BAS offers solutions for governance, business planning, executive business coaching and compliance programs.

BAS

BOARD ADVISORY SERVICES, INC.