Technology Capability: Your Business "Super Power"

Most company leaders understand that technology is important, even critical, to their organization's success. Access to current technologies and modern infrastructure has been proven to foster productivity and spur innovation.

What many decision makers do not consider, however, is their information technology (IT) capability — an organization's ability to create business value through its IT assets and competency.

Although important as operational tools for nearly every business, IT assets alone do not equal capability. How a company makes use of those assets, and how well it integrates them—both with one another and across the enterprise—is what drives organizational prosperity, competitiveness, agility and innovation.

In many organizations, IT capability is deemed directly attributable to the prowess of the IT team, i.e., "How well our tech guys do their jobs." Nothing could be further from the truth. Achieving the highest levels of IT capability is an organization-wide effort, involving appropriate technology used in a collaborative, connected fashion. To achieve this level of IT capability, organizational leadership must actively strive for superiority in four key technology areas:

- Strategy
- Infrastructure
- The IT Organization
- Process

Furthermore, not only must the entire organization and its players be interconnected through and with technology, but these elements must be aligned with one another, as well. Later in this article, we will explain, but let's talk a bit more about capability, first.

The Nuts and Bolts of IT Capability

No function nor department within an organization is an island. Sales, marketing, operations, finance, customer service, etc., rely on each other to make their projections and balance the books. Yet, many companies do not think of technology, let alone IT capability, as an interconnected resource.

That's a net negative for the company, because each employee, function and department, including IT, can gain from and enrich each other. This value "bleed" is nearly impossible to quantify, yet it is undeniable.

Here's an analogy from an operational perspective: When operations aren't functioning at a desired level, revenue or quality goes down, and companies often try to reverse departmental dysfunction by introducing Enterprise Resource Planning (ERP) platforms and other systems. However, it is how these tools are deployed and managed

that will determine whether or not they will produce business value.

The actions taken between installation and adoption will determine if the ERP platform will become an asset or a failed opportunity. Only with full adoption—where functions provide accurate, timely input, exchange information through the system, provide the knowledge needed to make decisions, and embrace the solution as a vital business tool—will the organization gain maximum business value from its ERP platform.

The same is true of IT capability, but on a much broader scale. When an organization's members "play as a team," i.e., the functions collaborate and interconnect, positive value passes between them, and the organization's IT capability becomes greater than the sum of its parts. All of the functions are better off because they are working together. Conversely, when an organization is dysfunctional and real teamwork is not evident, the value bleed is negative, and the organization's IT capability is less than the sum of its parts.

Ensuring that your firm is maximizing its IT capability is one of the single, most important competitive weapons you can wield.

The Components of IT Capability

Whether IT capability is positive or negative is determined by competency in, and integration among, four technology "areas of emphasis." Ideally, firms should achieve excellence in all of these areas. Companies will see dramatic benefits when they plan for competency and establish attainable goals with benchmarks for achievement. This process should be designed for continual improvement.

1: IT Strategy

IT strategy is the embodiment of a firm's technology vision. It includes identification of opportunities, assessment of current and future needs from a business perspective, and a proactive plan for ongoing operations and future advancements.

A completely developed IT strategy and vision should align with business goals and allow for staged improvements on a realistic timetable. Doing so avoids the reactive technology decisions that destroy productivity and diminish value.

Strategy is one of the most challenging aspects of IT capability for many small and midsized business (SMB) owners, especially if they do not have a CIO or other IT visionary on staff.
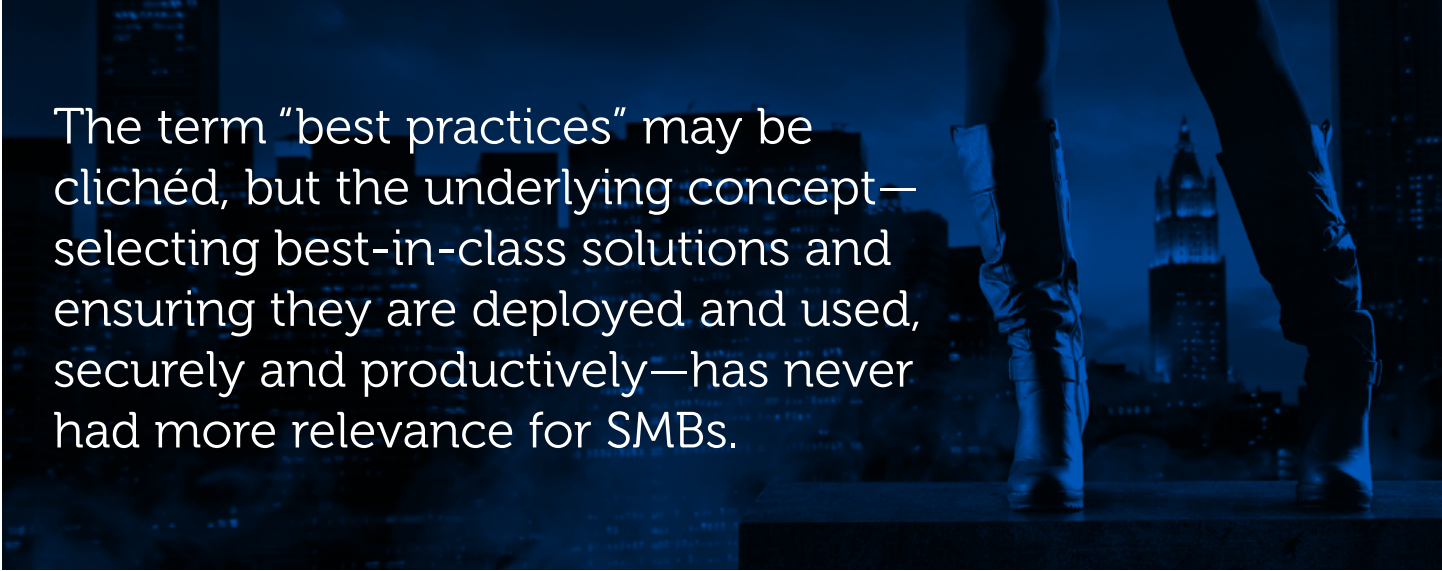
2: IT Infrastructure

Infrastructure is the underpinning of the organization—hardware, software, databases and tools, the design and architecture of networks and systems, and best practices that the firm either follows or ignores. Whether on premises, in the cloud or both, infrastructure must be appropriately designed and configured, as well as effectively maintained and updated, to support the high organizational productivity that builds value.

Embracing best practices, from proactively monitoring and maintaining systems to adopting cloud computing, also builds value. The term "best practices" may be clichéd, but the underlying concept—selecting best-in-class solutions and ensuring they are deployed and used, securely and productively—has never had more relevance for SMBs.

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3: IT Organization

This is the IT "people quotient"—how employees and IT partners approach and make use of IT. Personnel must have the skills, process and knowledge to use the tools available to them, and they must embrace their usage.

IT partners must maintain best practices, relevant certifications and other hallmarks of excellence. They must also be committed to providing value to the organizations they serve as well as creating it for themselves.

4: IT Process

IT Process is the underlying thread that unites the other elements in pursuit of excellence. It consists of four components:

Automation: Adopting automated tools where possible streamlines technology usage, increases consistency of service delivery, and reduces the incidence of human error.

Management: Active management of technology and the capabilities it provides is necessary to achieve full value. To do otherwise is like planting a field and then failing to water and fertilize it. The harvest will be disappointing.

Measurement and Analysis: Metrics and Key Performance Indicators (KPIs) are the visible evidence by which management can evaluate the success of its decisions, from strategic planning to IT automation. Without benchmarks, it is impossible for a business to be certain if it is moving in the right direction.

Control: As a final step in the loop, control provides the opportunity for decision makers to take action and make improvements based upon information gleaned through measurement and analysis.

The Value Is Waiting

IT capability is not the sum total of these elements, but rather it is the synthesis of them. Organizations that build modern IT structures and deploy them broadly also need to put in place processes that foster organization-wide collaboration and exchange. Then, by continually measuring and refining the components and processes, they can reap extraordinary value.

But here is the reality: while a great many firms have made some strides forward, most fail to fully implement and integrate the technology that could truly improve their business outcomes by providing the Availability, Mobility and Security they need. Can you say for sure that your firm is really where it needs to be?

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