

## CHARTING A COURSE

A THREE-TIERED APPROACH TO STRATEGICALLY ALIGNING  
BUSINESS AND TECHNOLOGY

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### EXECUTIVE SUMMARY

In this paper, we will demonstrate proven methods for analyzing and managing risk, strategically aligning business and technology planning, prioritizing strategies, and using scenario planning. With tools like these, your organization will be better prepared to navigate the winds of change and uncertainty and chart a course toward business success.

This paper explores the three critical areas that lead to an efficient, productive strategic planning process: Business Strategy, Investment Analysis, and Benefits Realization.

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*One ship drives east and another drives west,  
With the self-same winds that blow,  
'Tis the set of the sails and not the gales which tells us the way to go.*

— FROM FATE, BY ELLA WHEELER WILCOX

### CHARTING A COLLABORATIVE, STRATEGIC COURSE

Just as a captain charts each point of a long voyage to ensure efficient and safe passage, executives use business strategy to map their current business and to define new growth and revenue opportunities. Each cycle of strategic planning plots a course, provisions the organization, and identifies required resources. And just as the captain relies on his crew, executives must depend on various departments to provide the functions and roles needed to steer toward the prescribed strategic destination.

Unlike the science of navigating a ship, many consider business strategy to be a mystical art. Establishing the overall strategy for an organization represents the highest art form of corporate decision-making. It is only mystical, however, when the process is done behind closed doors with little or no communication or collaboration between enterprise operations.

For a company that is highly dependent on technology services as a foundation of its existence, the general mission statements of the entire corporation should directly influence the direction of the organization. Conversely, for an enterprise with many distinct and independent business units, or where technology is a lesser component of the overall enterprise, addressing business strategy at a lower level may be more relevant.

This paper explores the three critical areas that lead to an efficient, productive strategic planning process:

- 1. Business Strategy**
- 2. Investment Analysis**
- 3. Benefits Realization**

Because of the interdependencies between the three, we encourage anyone responsible for general business strategy at any level to have a good working knowledge of all process areas across the enterprise

In this paper, we will demonstrate proven methods for analyzing and managing risk, strategically aligning business and technology planning, prioritizing strategies, and using scenario planning. With tools like these, your organization will be better prepared to navigate the winds of change and uncertainty and chart a course toward business success.



**FIGURE 1: STRATEGIC PLANNING**  
Equally balanced focus on goals and risks against the money and resources required to achieve success.

### BUSINESS STRATEGY

#### INTEGRATING BUSINESS STRATEGY TO CREATE VALUE PERSPECTIVE

“By 2007, a majority of mature Global 2000 organizations will seek to run IT more like a business by implementing technologies to concurrently manage resources, projects and assets with a portfolio management framework.”

— META GROUP (NOW GARTNER GROUP)

The first step to achieving organizational alignment is for business and technology leadership to collectively define the scope and structure of the Business Strategy process. Just where or when strategy planning begins is up to each organization. The planning cycle can be impacted by mergers, IPO funding, or similar corporate milestones that cause the executive team to fundamentally redefine business strategy.

Once the scope and structure is defined, an appropriate process framework for executing the strategy must be established through a governance model. This accomplishes four critical goals:

1. Defines the business rules and terminology
2. Establishes the unique attributes that influence decision-making
3. Defines roles, responsibilities, and span of control of those involved
4. Translates best practices into process procedures or guidelines.

#### CHARTING NAVIGATIONAL OBJECTIVES

While organizational missions often represent the ultimate destination of a business strategy, it is the objectives that truly plot the course. Objectives breathe life into sometimes lofty or abstract missions, give shape and meaning through the use of specific quantifiable goals, and define operational windows.

Objective attributes are the defining element to the overall strategic planning process; they combine to form both the planning horizon as well as risk/reward posture for everything that follows. When unforeseen economic or regulatory issues arise, objectives are typically adjusted to meet the new challenges.

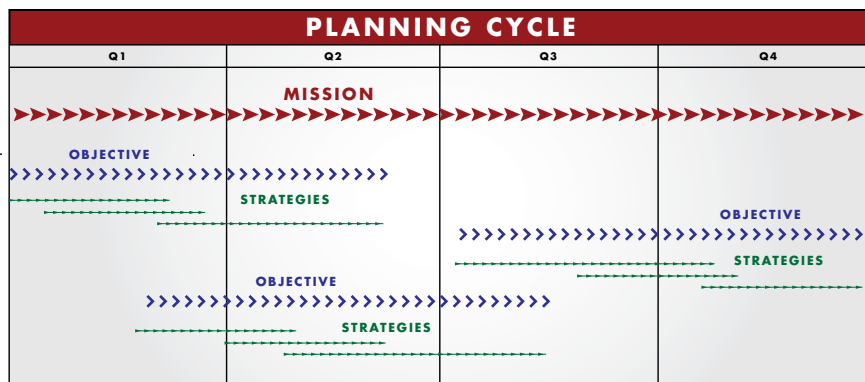
#### THE BUSINESS STRATEGY CONTINUUM

When defining Business Strategy, it is important to reiterate that it is part of a continuum. Major strategic planning sessions might be conducted annually, certainly at least biannually, with further adjustments made periodically, such as part of quarterly reviews.

While it is relatively rare in the life of a business that overall direction undergoes wholesale change, refinements or course corrections should be considered at regular intervals or in response to business or market shifts. Another consideration is for objectives to span time periods beyond the planning cycle, so they do not all start or finish simultaneously.

The net result is that defining strategic plans is a series of iterations, always considerate of past performance, current situation, and the ability to anticipate the future.

PlanView best practices automate the business strategy process with a series of built-in lifecycles that span the entire business strategy continuum.



**FIGURE 2: STRATEGIC PLANNING CONTINUUM**

**ACCOUNTABILITY IS CRITICAL TO STRATEGIC PLANNING**

While the mission is owned by the executive team, each objective, strategy, initiative, or program should be aligned to a single, named, accountable individual. While an individual may have responsibility within several activities, each activity should have a single, designated owner.

Roles and responsibilities could be different depending on the size of the organization. In smaller organizations, a department head wears multiple hats, while in larger operations responsibilities could be distributed across hundreds of individuals. Whatever the situation, the governance process should clearly define ownership by role, naming individuals responsible for each facet of activity.

**INVESTMENT ANALYSIS**

**INVESTMENT ANALYSIS FOCUSES ON ENTERPRISE-WIDE BENEFIT**

Business organizations understand that they must focus their limited resources on maximizing the value of their investments. However, they rarely apply this same qualitative approach to the bundle of investments undertaken by the enterprise.

Each investment must be evaluated both individually and collectively in relation to how they further the organization’s strategic initiatives. It is only through such a process that technology organizations can ensure they adhere to a commitment to deliver quality products and measurable business value.

“Leading-edge organizations are looking to portfolio management processes and technologies to help them determine what investments will deliver the best return and align IT with business strategies.”

— AMR RESEARCH

**DEFINING INVESTMENT CRITERIA**

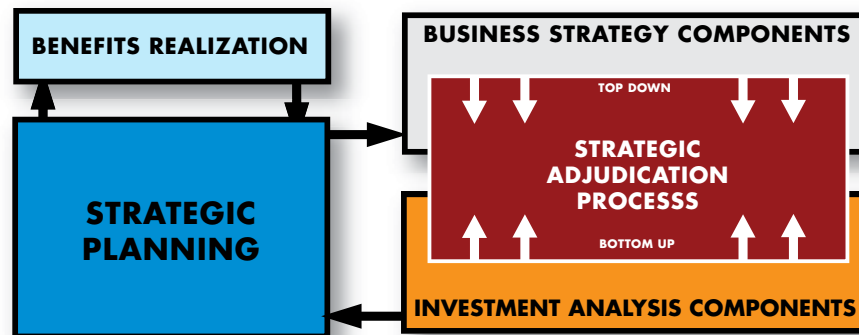
Let’s define investments as those efforts expended in support of and directly affecting the running, growth, and transformation of the business. The linkage of individual investments is intrinsically tied to the overall strategic plan of the organization. The level of funding, both strategically and organizationally, is intertwined with those existing or approved efforts and proposed work.

Investment Analysis translates the tactical direction and top-down financial plans of the Business Strategy into prioritized decisions for implementing portfolios of work. The overall objective of any investment portfolio is to balance and align the portfolio mix of strategic and tactical work against near and long-term goals.

PlanView's best practices achieve this alignment with a strategic adjudication process that balances top-down and bottom-up components into a cohesive strategic plan (Figure 3).

Each portfolio within the enterprise framework reflects the organizational goals and objectives. Non-discretionary work, associated with core operations of 'running the business,' accounts for a majority of expense and effort, and must be continually analyzed to validate ongoing benefit to the organization.

Discretionary, strategic investments to 'grow the business' or 'transform the business' can take years, involve thousands of person hours, and cost millions of dollars. Organizations must carefully choose which of these investments to pursue, and then regularly monitor them on a periodic basis to ensure that the business value is still relevant.



**FIGURE 3:** CONCEPTUAL RELATIONSHIP BETWEEN BUSINESS STRATEGY, BENEFIT REALIZATION AND INVESTMENT ANALYSIS

If the 'run the business' obligations are not managed and monitored effectively, they can directly impact the ability to grow and transform the business.

### FOUR CRITICAL INVESTMENT CRITERIA ENSURE MEASURABLE VALUE

PlanView recommends a Critical Investment Criteria based on four distinct types of both descriptive and measurable components and the generic information related to the work.

#### 1. Attributes

Either scored or descriptive in nature, attributes address investment criteria as risk assessment, strategic alignment or other types of descriptive criteria.

#### 2. Measurements

The financial values and/or capacity related values associated with a specific work or portfolio of work can include Total Cost of Ownership, Capital Outlays, Projected Costs, etc.

#### 3. Metrics

Each particular characteristic related to the overall performance of a portfolio must be measurable. Examples include Return on Investment, Internal Rates of Return, Net Payback Period, etc.

### 4. Measurement Group

A compilation of ROI values or Benefits are measurement groups, the aggregate of values associated with measurements.

Information that does not fit any of the above types is classified as Generic Information, and relates to either a portfolio of work or the work item itself. Generic Information expounds on issues not necessarily related to attributes, measurements or metrics.

Defining the investment criteria establishes financial constraints and goals, just as it documents and validates control guidelines. This ensures that those criteria, supplied by the governance board and implemented by the investment owner and business unit executives, adhere to the vision of the business.

## BENEFITS REALIZATION

### DEFINING BENEFIT REALIZATION COMPONENTS

“50% of IT initiatives fail to meet business objectives, primarily due to lack of strategic business alignment.”

— GARTNER GROUP

Realizing the benefits of specific investments in technology is very difficult. Sometimes, it takes years to realize the benefits that are integrated with other initiatives and affected by a constantly changing environment. A couple of questions appear repeatedly: *How do you know if headcount reductions resulted from a specific investment? How do you know if the revenue increase came from a specific project?*

As a critical component of the overall business planning process, Benefits Realization must first focus on the benefits needed as part of strategic planning. Next, quantify the benefits as part of Investment Analysis. Finally, actively manage development of benefits during execution and perform a disciplined comparison of actual benefits versus what was planned and promised.

PlanView’s best practices build benefits realization into Strategic Lifecycles to bring structure and process to the sometimes chaotic management of corporate initiatives.

There is no magic formula for evaluating benefits. An organization can ensure that intentions are translated into actionable business benefits by employing a structured approach that brings process into the open, formalizes roles and responsibilities, and links management at multiple levels.

This well-defined approach to establishing and measuring the benefits realization of business strategy is built on six critical elements:

#### 1. Consistency

By clearly defining business strategy development, management process, and appropriate roles and responsibilities, a framework is created that fosters methodical, consistent planning at the highest levels. More than simply good business, this approach supports auditability and the transparency of the strategic planning process to meet stockholder, accounting, and/or regulatory requirements. It also sets a standard for planning rigor that extends to the rest of the organization.

### **2. Alignment**

As a service organization, IT must support the strategic direction of the enterprise to ensure resources are appropriately applied to organizational priorities. In order to achieve that alignment, both IT and technology customers must collaborate using a common vision and approach. A defined strategy map and business plan outlines and should link missions, objectives, strategies and tactics to provide that vision and guidance.

### **3. Extended Planning Horizon**

A defined strategic development process extends the operational horizon far enough out to facilitate meaningful, long range planning. This enables proactive resource capacity management, improves the opportunity to better leverage technology advances and manage organizational change, helps manage existing assets with an eye to the future, and creates responsive services management posture. The protracted nature of some technology initiatives results in programs that span multiple years; it is important that the business strategy time span is sufficient to maintain focus and provide guidance over the course of such initiatives.

### **4. Collaboration**

As consumers of technology, business units may not be aware of untapped technological opportunities that should be considered as part of overall strategy. Involving IT early in strategic development enables them to offer ideas on how to better leverage current and emerging technology to the benefit of the organization.

When business and technology executives work together to define a cohesive IT strategy, they align common expectations well in advance of committing significant resources. This increases the potential for mutual success.

### **5. Communication**

Visibility to a defined, consistent business strategy enables the entire organization to trace their daily efforts back to the original goal. This “chain of custody” develops an inherent understanding of the importance of individual efforts, illustrates how personal work relates to actions of other groups and departments, and instills confidence in the leadership of the company.

### **6. Control**

Business Strategy is not just a far-forward planning function. Many actions taken today were once distant plans that are still in need of continued executive guidance and adjustment. Yesterday’s results should be integrated into future assessments, contributing to the ongoing cycle of making strategic planning a dynamic, closed loop process.

## **BENEFITS REALIZATION IS MEASURED IN ORGANIZATIONAL EFFICIENCY**

A steady hand on the tiller, firm fix on the horizon and effective use of the wind provides the most direct route to a destination. Similarly, the efficiency and effectiveness of the technology provider begins with clarity of customer needs and a high level perspective of how resources and assets are to be deployed to achieve those needs.

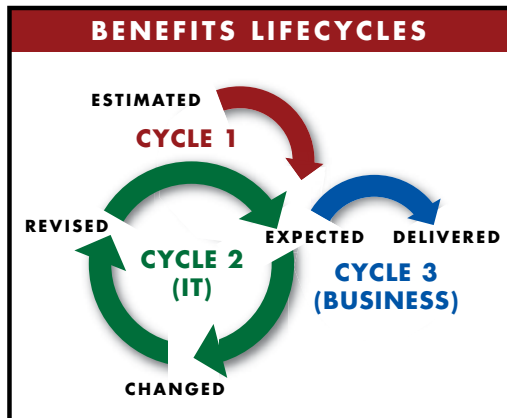


FIGURE 4: BENEFITS LIFECYCLE

One way to measure benefits is through integrated lifecycles. The benefits lifecycle can be broken up into 3 cycles (Figure 4).

Cycle 1 represents the initial quantifying of benefits during investment analysis. This is the first estimate of the benefits an initiative will deliver to the business. Cycle 2 represents the ongoing process that occurs during the execution phase. As the initiative progresses, IT revisits and revises the estimated benefit, changing the expected benefit accordingly. When the initiative is completed we finally move into Cycle 3, where the benefit is realized and validated after being delivered to the business.

**SUMMARY**

**DON'T GET TAKEN BY THE CURRENT**

Too often organizations simply allow themselves to be “taken by the current” for lack of consistent direction, or worse, for failure to control the rudder. On an individual level, unfocused resources react to conflicting or inconsistent guidance, constantly stopping and starting as they jump from one activity to the next. Many organizations fail to see that the same effect translates up through the entire hierarchy when strategic direction is inconsistent, ambiguous, or simply non-existent.

“IT management is frustrated with its inability to see fact-based views of IT activities. This includes demands on resources and plans for new initiatives, the cost and effort expended to maintain existing applications, and the performance and consumption of infrastructure resources on which the applications operate.”

— FORRESTER RESEARCH

Few organizations have the experience to integrate their resource needs at the strategic level and at the execution level. Strategies are often developed as “rough-cut” estimates but are never reconciled to the execution level.

When the executive team establishes a balanced, comprehensive, and consistent strategic plan, the IT organization can focus their resources on the right priorities, and proactively plan their execution efficiently. The result is a smooth sailing organization, facing into the wind and navigating toward a single destination.

“E.W. Scripps makes better decisions on investments, how we choose and allocate new technical projects and how we track performance. PlanView’s capabilities allowed a redundant project for online credit card processing to be identified — saving the company \$1 million, and instantly justifying the software investment.”

— PMO DIRECTOR, EW SCRIPPS

Charting a successful course that strategically aligns everyone in an organization – from executives setting strategies to staff assigned to executing support tickets – means the organization must be integrated into a common lifecycle. At each stage of the lifecycle, the right information, documents and forms are provided to the person required to take action.

The result - time and money are never lost in poor communications, and an audit trail tracks the decision-making process. The course is defined, the obstacles charted, the destination is achievable.

### PLANVIEW MAXIMIZES BUSINESS VALUE AS IT IMPROVES IT PERFORMANCE

PlanView Enterprise balances the supply of IT resources with business demands and incorporates PlanView PRISMS™ Best Practices to deliver proven methods for cost savings and value creation.

PlanView PRISMS provides the guidance to help organizations achieve improved process maturity in seven key areas critical to efficient operation:

1. Business Strategies – Set high level direction for the organization.
2. Investment Analysis – Analyze the alternatives to implement strategies and communicate decisions.
3. Projects – The execution of investments in strategic and major projects.
4. Service Work – The execution of other planned work, maintenance, and on-going work in support of the customers and the organizational structure.
5. Service Delivery – The cost of delivering services to the business unit.
6. Optimize Resources – Assign resources to work and services in support of the business strategies.
7. Benefits Realization – Track the benefits created from the strategies and investments of the organization.



**FIGURE 3: PLANVIEW PRISMS BEST PRACTICES**  
PlanView PRISMS Adaptive IT Best Practices speeds process maturity in seven key areas.

PlanView Enterprise helps decision makers prioritize their investment decisions based on key criteria such as benefits, timeframe, cost, and risk, improving alignment between IT and business strategies to provide bottom-line, measurable results.

PlanView Enterprise helps the organization to:

- Integrate organizational budgets and strategic planning
- Align resources with business demands
- Improve financial decisions
- Quickly respond to changes in priorities
- Improve stakeholder visibility
- Establish and measure business strategy
- Seamlessly integrate with projects, services, and assets

Since 1989, PlanView has been a market leader and trusted partner in software for comprehensive IT management. Our flagship product line brings the most comprehensive IT management solution to the market, combining adaptive IT management best practices, best of breed resource management, and portfolio management software. PlanView enables business leaders to integrate the decision-making process to improve alignment of IT resources with business strategies. We serve an active and growing global customer community of over 400 organizations in financial, insurance, healthcare, government, and other industries. PlanView is privately held and has been profitable for over a decade. For more information visit [www.planview.com](http://www.planview.com).

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