CEO's Briefing

IT Roadmap for Growth

Companies planning growth need to have a plan for how their IT can support and drive growth.

As companies grow, their IT inevitably needs to change and develop. In reality, few companies follow a well-planned path so the result is often a complicated mixture of different "generations" of infrastructure, business systems and digital activities. The situation is normally further complicated by additional informal ways of working, for example, spreadsheets, work-arounds, and critical manual tasks by key individuals.

Companies planning growth need to have a plan for how their IT can support and drive this growth. An IT Roadmap allows them to scale-up confidently, whilst maintaining or improving their margins and customer service. It ensures the Board have up to date information regardless of the increasing size of the operation. It allows the team to scale-up, confidently delegating authority to managers who can make judgements using up to the minute data dashboards. And it allows the Directors to move swiftly and to take opportunities for partnerships or acquisitions because their operation is a solid platform for growth. Furthermore, it optimises the value of the business in the event of an exit.

Many companies fail to have an IT Roadmap

An IT Roadmap is difficult to create which leads some companies into a cul-de-sac and we typically see businesses impacted in the following ways:

1. Inefficient processes erode margins and make good service difficult or expensive. Errors and issues increase as the business grows which damages profitability and cash flow. Short-term problems dominate management and there is little time or money to plan for expansion.

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2. Poor reporting tools means that analysing costs, revenues, efficiency and profitability is difficult. Comparing trends and plans versus actuals should be easy. Which products and customers are profitable shouldn't be a matter of opinion! Marketing and sales ideas run aground due to lack of data.

3. Lack of standardization means the business is reliant on individuals. People keep their own vital lists and system workarounds which makes them "choke points" limiting growth and expansion. When these key people are on holiday or sick then the whole business is affected – if they leave it's a major problem!

4. Your online strategy is impossible if your back-end systems can't provide a simple platform. Seamless back office processes are necessary to allow you to present consistent product and stock data, and to allow simple "must-haves" like effective product searches.

5. Issues and concerns about reliability and compliance dominate. Basic IT doesn't always work; people can't do their jobs and impress customers quickly and easily. Worries about compliance with regulations or contracts linger. Disaster recovery plans may not be adequate and there is a sense that the IT is simply not fit for growth.

6. Departments create their own systems, often using cheap software available on the web. This leads to systems and data becoming fragmented, increasing effort to reconcile data and create reports. Inevitably there will be a desire to integrate these unofficial systems into the company infrastructure which creates complexity rather than reduces it.

Often these issues feel like they get tangled up together in a dense "knot". The complexity means that it's very hard to plot a route forwards and to create believable costed plans.

In the absence of a roadmap, IT projects feel ad-hoc and isolated so often don't get approved. There don't seem to be credible options that the Board can understand and make informed decisions on.

The impact of all this is a lack of confidence and appetite to plan expansion and to seize opportunities.

Start with the business objectives

The obvious place to start is the company's strategy. In some cases this may be detailed and well developed, in other cases it is a set of growth objectives.

These objectives need to be fleshed out to establish the dimensions of the business in terms that are relevant to IT and systems.

So, for example, if the aim is to grow revenues by 20% every year for the next 4 years, what does that mean?

- For example how many invoices per month? How many clients? How many currencies?
- Or how many mobile engineers? How many senior managers needing to work on the move?
- How many new products per month to be added to the website? Or how many website orders per second in the peak minute?
- How many SKUs? How many sq ft of warehouse space?

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- How many inbound and outbound communications per month, and by what channel - email, phone, Twitter...

Identify the dimensions that will show you whether you can meet your objectives and then review them against your systems. Where there are objectives that will make your systems creak, a plan is needed for the business to meets its objectives.

If this isn't well understood then a Board workshop is a great way to get everyone talking, and (eventually!) in agreement about the challenges that growth will present.

Also, these dimensions provide a great basis for contracts with external suppliers – if you are investing in new systems then the suppliers need to be able to commit to the dimensions that you are planning. If the proposed Service Level Agreements and Key Performance Indicators are not aligned to your growth objectives then either they're the wrong supplier or there's a supplier review session to be had to bring them back in line with your own plans.

Include all aspects of IT in the Roadmap

The roadmap need to cover all the key areas of IT:

- back-office systems, whether that's sales order processing, warehousing or finance – and particularly as well as the technology, there are the people, process and data issues;
- digital initiatives, from online retail to partner portals and social media strategies;
- and infrastructure, for example, transition to cloud, network, data storage and all the normal details of laptops, tablets, phones and photocopiers.

For systems to work optimally within a business, they will need to be integrated and these "behind the scenes" projects are often what bring out the real value in the systems. Data will need to be brought together to provide across-the-board reporting. Then there will be the projects that need to be done just because of business growth and to secure the continued existence of the business. These will include the need for compliance, security and sector specific requirements like PCI, FSA and GDPR. Back-office projects must not be ignored at the expense of impressive-looking front-end systems.

Some companies will also need to develop software products as part of their revenue plans, for example to license data or other Intellectual Property to clients. This may be for direct income generation or to improve client retention or to create a point of difference in the market.

Some companies will want to engage with major innovations over the coming years and we increasingly see situations where AI and machine learning offer genuine opportunities for companies in the medium-term. These plans, although they may be just aspirational at this stage, should be in the roadmap.

Flexible plans for growth

You can be certain that reality will never exactly match your plans! You might beat your plans or you might miss them, but you're highly unlikely to hit them exactly. And your IT roadmap needs to be flexible enough to cope with the reality.

The Roadmap should consist of a number of projects which may be interlinked, but the route through them should be triggered by meeting growth targets. So it means that everyone understands the plan, but that the IT and growth plans are completely integrated.

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It may be that there are disagreements between people who just want to kick off with growth plans versus others who want everything done "properly". The compromise may be to, initially, take a manual approach to get things off the ground in the first place but, once an agreed scale has been reached, then the necessary systems to automate and operationalise the business will be implemented. So the disagreement is simply about phasing.

It is often the case that objections are due to people not being able to understand the need for a system or how it will fulfil the requirements. In these circumstances, it may be a good idea to resolve these doubts by creating a prototype of the proposed system outlined in the plan and demonstrate how the new system will achieve the outlined objectives. This will also help crystalise the requirements of the project and there'll be a greater level of certainty about whether the full project will succeed or not.

Identifying the Roadmap projects

The best way to identify the options for projects is again to work backwards from the business objectives. Identify all the business and IT enablers that will be necessary to deliver these and map this all out as a joint exercise with members of the Board and experts from around the business (often these are not the same people!). This exposes the fact that technology is never the entire solution and that people, process and sometimes cultural or behavioural changes are necessary as well.

Suppliers may need to be changed; there may be a review of insourcing versus outsourcing. Office moves, bespoke software or new off the shelf systems may be needed.

Again, all these projects can be identified and, for each, the best approach is to identify options so that everyone feels they understand the pros and cons and why decisions are taken.

Then, for each project, a rough cost and timescale can be estimated together with the trigger point, often in terms of business dimensions (as described earlier).

The entire roadmap can then feed into the business planning process and the impact on budgets, both in terms of direct costs but also in terms of benefits can then be forecast.

Who will own the IT Roadmap and deliver the projects?

A member of the Board needs to own the Roadmap, speak for it, and ensure that it is kept front of mind. Ideally there should also be ownership for each project at Board level, having a senior stakeholder means a project is more likely to succeed and achieve the agreed ROI.

Large IT projects are complicated and require good governance, strong leadership and good management. Managers and experts around the business will need to be involved in delivery of all the components of the project. And their efforts will need to be planned in to make sure they are backfilled. Nothing will sink a project more effectively than key business people who can't make time because they are busy doing their day jobs!

Large projects will need considerable planning before they really start. For example, potential suppliers will need to be contacted and beauty paraded, there should be a Request for Proposal stage and price negotiations. These steps can take time which should be planned in. Decisions made in haste due to lack of time are often poor decisions!

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Finally, there needs to be clear accountability for both delivery of new technology and other changes, but also for achieving the upsides. For example, if the aim is to deliver a new system that can double throughput, then it needs to be clear who is accountable for delivering the new system, and who is accountable for doubling throughput.

When change is being proposed and delivered, the hardest part of the project is often not the implementation of new systems, but the management of the people affected by the change. Underestimating the training requirements or the time required to help staff understand the need for change and how they will be affected will be a sure-fire way to scupper the long-term success for a project, however well the technology is implemented.

Keep the IT Roadmap alive and under review

The IT Roadmap must be kept relevant and up-to-date. Involvement of all key managers and decision-makers is important as it will help embed it and there should then be an agreement to review it on an occasional basis, say every quarter; with a major re-examination perhaps every year. This should go hand-in-hand with the business strategy, particularly when there is significant change, perhaps a new major customer, new service or acquisition.

An agreed IT Roadmap is empowering because it provides a basis for sound optimism across the company. It removes uncertainty, wasted effort and doubt.

As the business grows, decisions to undertake projects are easier because they have already been agreed in principle. Funding can be arranged in advance and the business is better able to seize opportunities when they arise. Put together, your company's people, processes, technology systems and digital initiatives, are critical components of a growing business and an agreed IT Roadmap is the basis for managing these.

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