

## Especially in the Financial Services Industry: Five Enduring Truths of IT Management



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Especially in the financial services industry, the expansion of the increasingly competitive, global marketplace and the demands to forge new forms of alliances and joint partnerships in a networked economy, increase the pressure on top management to deliver strategic advances of high value to their organizations. Beyond these pressures and reflecting the fundamental role of IT, technology is advancing at a rapid rate, forcing organizations to extend their technical infrastructure to allow an expanding number of entities to interact with their internal networks through emerging technologies. Nonetheless, despite all of the difficulties involved in developing and deploying technology that will inevitably constantly transform, there are elements of IT management that have always and will

always remain constant amidst many shifting trends. I have termed these durable principles the five enduring truths of IT management. Throughout my experiences, I have seen that these truths as universal; therefore, I postulate they will be true in your organization as well. I offer these truths as prescriptions – suggestions for you to consider as you engage in the practice of IT. In doing so, I would argue that the following truths will always remain, regardless of the shifting tides of technology.

**Truth #1: There is no such thing as a technology project, only business projects about technology.**

One of the great mistakes I have seen in IT organizations is speaking to business counterparts merely in terms of technology and not the language of business. To be better understood, IT must speak using the appropriate terms of the function with which we are interacting and focus not on the technology itself, but what the technology allows the firm to do. No CEO cares how many multi-processors the servers will have – executives care (as they should) on impact (a point that I will expand upon in a moment). Thus, all projects should *not* be viewed from the lens of technology, but through the prism of business. This focus must pervade the IT organization, from the programmers to the analysts, for every justification of a corporate dollar (and always should be) in terms of business

enablement and not for the sake of technology alone.

What would your CEO say is the value that IT has created for your organization in recent memory? What great successes would you point to? While we all would like to say that IT is “strategic” or is inherently a “competitive advantage”, we must not lose sight of the pathway to profitability that IT can enable through value-creation initiatives that influence the productivity of the firm. Techniques such as portfolio management can assist you to further understand this concept, but each project must have business implications and must have a champion in the local business unit that is driving the project. A business side advocate will sell your projects within the business unit and help you to mitigate the likelihood of push-back.

Giving lip service to user involvement will not yield the same type of positive results as having your champion engage his/her colleagues and ensuring success. The causes of IT success may be complex, but a constant is that business side champions always help you navigate the internal terrain of the local business units and will help you focus on the business economics of technology and not on the technology itself.

**Truth #2: Success depends on the stakeholder.**

Your organization may be on the bleeding edge of technology and your users may love you for it, but success depends on the perspective of the stakeholder you are trying to impress. Cost pressures will always plague IT development; users

always desire reliability, uptime, and being consulted for change; and pressure will always be on your development staff to deliver the project within a reasonable time scope. Balancing the needs of each stakeholder is a time honored tradition that will continue with the next generation of technology; so, we must pursue internal business processes to measure the success of each of the stakeholders with which we interact (e.g. balanced scorecard) and put in place routines to adjust to meet our mark with the necessary stakeholder(s).

In doing so, IT must balance between politics and education. Consider the case of Federal Express – the CIO, along with a business champion, proposed a new system for the call-in operators. Other top executives resisted, so the CIO arranged for the other executives to work for an hour on in-bound calls. After an opportunity to see the system the operators were using, the executives quickly relented and the foundation was laid for the current system that Federal Express utilizes. The bottom line – do not underestimate the power of a little extra education to overcome resistance and to help you ensure the stakeholder-dependent definition of success, no matter the stakeholder. Share the IT vision and allow others to see the power of IT and help you to define success.

**Truth #3: Follow the Leader.**

The IT employees will follow how the CIO leads. This seems to be an obvious statement, but CIOs often become so focused laterally (i.e. on the executive team) that they forget the horizontal perspective. A CIO must serve many

masters, but those who are below you are watching and will follow where you lead them. What is your view on the business units? How you spend your time is a good indication of this – in my experience, CIOs that spend 50% of their time talking with those outside of IT and 50% inside lead IT organizations that have a pervasive view of their users as clients and attempt to meet expectations instead of just the bare minimum. IT culture matters and the CIO will always set the direction for how the employees should follow.

**Truth #4: Fostering imagination and creativity of employees is a necessary, but difficult managerial challenge of balance.**

You can call it what you like – thinking outside the box or creating a new paradigm – but, imagination and creativity has, time and time again, taken us to exciting new places with technology. The managerial challenge remains how to balance creativity with production. I think Google exemplifies how to achieve this balance – giving employees time off to work on projects of their own which then become the

next product innovations. I believe that each of you hired employees that you believe in (otherwise you would not have hired them). I also believe that your employees believe in you (otherwise they would not still be working for you). So, with all of that given, we must find opportunities for our trusted employees to be given opportunities to exercise the imagination and creativity with which they are blessed. Not only will our employees be happier, but what they come up with will surprise and amaze us.

**Truth #5: IT-Business Alignment Always Matters.**

What is IT-business alignment?

According to Reich and Benbasat (Reich and Benbasat 1996) alignment can be defined “as the degree to which the information technology mission, objectives, and plans support and are supported by the business mission, objectives and plans”. This definition focuses on alignment as a state or an outcome. Another research perspective focuses on the process of alignment and views alignment as a process “in which managers participate in the exchange of

knowledge” (Kearns and Lederer 2003) (see also (Reich and Benbasat 2003). Alignment can affect organizational performance “by maximizing return on IT investment, by helping to achieve competitive advantage through IS, and by providing direction and flexibility to react to new opportunities” (Avison et al. 2004).

The bottom line for IT management is to pursue alignment at all costs. The fact that alignment has been included in the top 5 most important issues in IT for years speaks to the importance of pursuing this end. To be honest, alignment is one of the most complex issues facing IT. Nonetheless, alignment must never be put behind other goals; it has been found that CIOs of successful firms find a point of synchronicity with other business units in order to run the entire organization as a well-oiled machine. The pursuit of alignment will never be fruitless, in so long as the journey engages your colleagues as you pursue an IT-enabled corporate strategy as well as IT-enabled business unit strategies. If we can find this intersection between IT/business unit strategy and the technologies needed to support that strategy, it is then that we will be on the pathway to IT-enabled profitability. The world of technology will always change and you can be sure that the generation behind us will live in a much different time than we. It is comforting to know that one constant is that things will always change. However, I would suggest that the practice of IT management is, in my mind, the most exciting and captivating profession, as it challenges us to find the nexus of imagination and creativity while balancing

productivity as we enable our organizations through the power of IT and a well-aligned IT strategy.

**References**

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**Five Enduring Truths of IT Management**

1. There is no such thing as a technology project, only business projects about technology
2. Success depends on the stakeholder
3. Follow the leader
4. Fostering imagination and creativity of employees is a necessary, but difficult managerial challenge of balance
5. IT-business alignment always matters

Figure 1: Five enduring truths of IT management