Pivoting IT to Become Customer-Centric

By Heather A. Smith and James D. McKeen

THIS WHITE PAPER IS BASED ON THE PROCEEDINGS of the CIO Brief group focusing on how IT can become more customer-centric.

This year's CIO Brief theme has been "Enhancing the Customer Experience with Technology." In the first meeting, the group explored designing a holistic customer experience from the ground up. In the second, it looked at empowering and mobilizing customers. The third session examined the role of privacy in the customer experience.

In this fourth session, Brief members brainstormed about how IT can become more customer-centric. Gordon Shields

Framework for Transforming IT Capabilities

"This year we've touched on many ways IT can become more customer-centric," said Gordon Shields, a consulting partner at Deloitte in Toronto. "One key is to design services with the customer as we've learned from UP Express."

New approaches to design thinking tend to start with a minimum viable product and adapt as a company learns how customers use it, as with Uber. "Often, the customers a product is created for are only a starting point," he said. "The most valuable applications often don't appear until the product becomes available." For example, two of the most valuable uses for drones to date are herding elephants and monitoring whale exhaust.

Another key takeaway from this years' Brief sessions is that IT's speed to market is too slow and that there are different ways to deliver. "IT functions need to explore these more seriously to better serve their customers," said Shields.

Other themes from these sessions include:
- Recognizing the importance of trusted security and privacy and incorporating it into all elements of design (TD Bank)
- Clearly understanding your value proposition (Tangerine)
- Innovating — customers expect new things (Uber)
- Ensuring simplicity and integration (Tangerine)
- The importance of adoption and how to get people to use something new (UP Express)

About the authors

Heather A. Smith is a Senior Research Associate at Smith School of Business. A former senior IT manager, Heather is author of five IT management books. She is also a Senior Research Associate with the American Society for Information Management's Advanced Practices Council.

James D. Mckeen is Emeritus Professor at Smith School of Business Jim has been working in the IT field for many years as a practitioner, researcher, consultant, and speaker. Jim has taught at universities in the U.K., France, Germany, and the U.S. His research is widely published and he is co-author (with Heather Smith) of four books on IT management.

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These attributes of a customer-centric IT function are applicable to both internal and external customers. IT leaders, however, must always remember that they must get operations right first. "This is what gives IT a license to play," said Shields.

There are several implications of these themes for IT managers:

- **Flexibility and Speed**. IT must understand alternative approaches to development and know for which systems and customer segments these are most important. "This is the concept of 'right speed' IT," said Shields.
- **Transparency**. While development is in process, it is important to ensure that all stakeholders know what's happening and when a product will be delivered.
- **Focus on the Minimum Viable Product**.
- **Integration/Creation**. Often it is better to be an integrator rather than a creator. Learn when to use each set of skills.
- **Strengthening the IT-CMO Relationship**. This is essential to top-line growth and can help the organization do new things in radically different ways.
- **Becoming a Change Catalyst**. IT leadership should explore and understand how it discovers new possibilities and addresses its mandate for change using a sensing/exploratory/innovating capability.

Many of these changes will require a massive restructuring around digital capabilities. When undertaking this, organizations will need to consider which of these capabilities belong in IT. With the lines blurring between IT and the rest of the organization, it will also become more important for businesspeople to have some project management skills. "As we redesign around products, we will need product owners and skilled users who can participate in agile development," Shields said.

Companies also need to think about project prioritization differently, bundling functional pieces together rather than undertaking a variety of pet projects. In addition, many organizations are realizing that they can better leverage the value they already have in their existing systems and data. "In many cases the business doesn't know what it has," he said. "IT is struggling to lead this initiative to explore and leverage a business' existing assets and non-core products and must educate and show business leaders what is possible in this area."

There is an imbalance of skills and jobs for the new IT. Current skills needs do not fit past recruiting models and this needs to change. "We shouldn't be hiring to fit the existing mold," Shields said. In addition, IT must develop a sensing capability because "business leaders want to know the trends in technology and the applications and how we think it might apply to their work." He recommended IT organizations participate in one or more IT research and innovation groups, such as Communitech, that can help IT break away from their traditional ways of thinking about technology.

IT leaders also must recognize and manage different cultures both inside and outside the organization. Outside the organization, culture shifts rapidly and in unexpected ways. And, internally the sales culture may be very different from that of other internal groups. In accommodating these different types, IT may require separate internal units to deal with them.

Another key shift is how the organization sees the value of IT, said Shields. "Does IT create value or just keep the lights on?" The answer will vary by industry. In industries where technology is part of the product, digitization strategies will be presented at the board level. In these industries in particular, there is a danger of disintermediation. As a result, the business-IT relationship is becoming increasingly critical. "In many ways, IT's transformation to becoming more customer-centric is also about transforming the business-IT relationship," he added. This not only requires strong relationships but also credibility, consistency and a track record.

Finally, there is a problem with how organizations currently view outsourcing. Although future IT organizations will need to manage ecosystems of relationships that can help them achieve their goals, "our transformative goals are often not aligned with those of our outsourcers."

Much transformational work is therefore not compatible with traditional outsourcing. "If this work is outsourced, it will require lots of active management and this may be counter-productive.

There are many transformational touch points between IT and the business, but these five have the biggest impact:

1. **Business Relationship Management**. This includes involvement in business decision making, having a role in the business leadership team, and understanding business priorities. It also involves helping business leaders understand the value of IT, developing a strong sense of partnership with the business, and effective business-IT communication. Business must see IT as a trusted business advisor, so IT can assist leaders with articulating business strategy, demand management, and business change planning.

2. **Strategic Planning**. IT strategy should be developed to align and support business strategy and be maintained on a regular basis to ensure alignment. Ideally, the IT organization itself should be optimized to meet current business priorities and clearly link IT value with IT investments and current business priorities. Finally, IT innovation must also be connected to underlying business needs.

3. **Portfolio Management**. This includes: demand identification; portfolio prioritization; investment management and benefits realization; clear project and portfolio reporting; effective project management; and post-project reviews.

4. **Change Management**. These activities include the development of effective processes to manage changes, including user involvement,

knowledge transfer, and tracking configurations and hardware and software assets.

5. **IT Service Management**. Good service management includes a service catalogue, service level agreements, a service desk, continuous improvement, and event tracking and escalation procedures.

How to Put It into Action

The group broke into three teams to discuss tactical ways they could help their organizations to be more customer-centric in one or more of these areas. Participants were encouraged to make suggestions based on what has worked for them in their organizations.

Group 1 discussed how to improve IT strategy. It recommended that CIOs undertake two actions:

- **Improve business participation**. "IT strategy should be developed iteratively and in real time in collaboration with key business stakeholders," said one CIO.

- **Develop a multi-year roadmap**. This should be aligned with corporate strategy and documented so everyone can see clearly how it fits into the bigger corporate picture. "It's amazing how many organizations don't have a strategy," said one CIO. "Even a two- or three-pager is good." This roadmap should be a working document, the team said. Having a written document will help facilitate conversations with the business. This shouldn't be a vendor list but a document that non-technical people can understand and even explain to others.

Group 2 examined how to improve the IT-business relationship. The best way to do this is for senior IT managers to undertake business customer site visits. This helps develop a single company identity. It also recognizes customers and helps IT leaders identify potential opportunities and quick wins with small enhancements that make a big difference to the business. "Customers really appreciate the attention," said one CIO. "These visits have tremendous value," said another. They strengthen social engagement and help both sides to learn about the other's skills. Once a relationship has been built it can be maintained with quarterly video conferences.

Group 3 explored the importance of analytics and knowledge management as part of the Change Management transition. It recommended three actions:

- **Use analytics to aid decision making**. IT should prototype analytics templates internally so managers can use them in decision-making,

rather than relying on static reports. These should help them do root cause analysis to uncover the causes of problems and correct them.

- **Collaborate with marketing to develop a mobile strategy**. Often there is a lack of collaboration when working on mobile apps. "Marketing and IT typically have different agendas and this leads to lack of alignment and problems with customers," said a CIO. "This is lose-lose-lose approach. We corrected it by having a serious conversation about goals and working more closely together."

- **Use off-the-shelf apps for quick fixes**. One CIO identified a business problem and was able to quickly apply a GIS app to help the business locate and map key plots of land. "This underlines the fact that IT must be aware of business problems and not wait for requests to come in if you want to be more customer-centric," said the CIO. Another noted that innovation is not always an expensive proposition. "Often vendors can help with an initial solution," he said. "Startups often lack a business context and a way to engage. However, companies need a way to identify and work with them as well."

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