How to convince the management board
to invest appropriately in IT?

Business departments are taking more and more control over IT investments. Even though it is not without benefits, from the perspective of CIO, not all the decisions that are being made are appropriate. How should you talk with the business executives to maximize the benefits from the purchasing of an IT solution?

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More and more aware business

Technologies are becoming more valued in the eyes of business, as more and more corporate processes depend on the possession and proper operation of such technologies. In the VMware report[1] quoted in the industry media we read that in every second organization decisions concerning technology and its purchase, are made outside of the IT department. It allows the shortening of the lead time from concept to execution and eliminates limitations related to the deployment of the innovation, but also causes numerous complications. The most often reported of those are the duplication of the same services, narrower functionality or incompatibility with the corporate security standards. If the purchase of IT solutions is to bring benefits to the entire company, you need appropriate dialogue.

Mutual benefit

Business divisions pay special attention to ROI, i.e. return on investment in the specified time. At the same time, IT departments focus on the functional scope of the given solution and the possibility of integration with the existing systems. That is why the providers' offers must be evaluated both from the business and technological perspective. When the objective is to improve various processes, the executives are usually open to recommendations from experts in the area – but such recommendations must be promptly given. It is also worth analyzing the issue from the viewpoint of the management. For instance, the unitary price of a solution does not necessarily exclude the purchase decision, because the management - when allocating the investment in the budget - may agree to a much higher CAPEX in order to get a much higher ROI in future. With such an argument in hand, it is much easier to convince the management board to invest.

How to prepare yourself for the conversation with the management board?

Brochures specially developed by software and hardware manufacturers may come in handy. They often offer illustrative numbers, easily translatable into your organization's scale. Important evidence can be also found in expert articles, publications and reviews in industry media, as well as case studies.

Have a look at examples of documents which might be helpful when analyzing the business benefits of an IT solution:

- business benefits from the implementation of Axence nVision®,

- expert article "How much does bad IT management cost?",

- case study for Phoenix Contact.

Phone a friend

When attempting to get a positive decision from the management board, it is good to have a decision-making beneficiary of the new IT solution on your side. If you intend to replace the current CRM system with a better solution, it is good to win the trust of the sales department director first – to convince them the solution will optimize their unit's operation, and the saved time will be used to maximize income. With such an ally, getting the management board to decide in your favor can be much faster.

No resources? Well, not always

The management cuts costs and improves processes by counting every coin. If I tell them I need a solution for a few hundred thousand, I have no chances, so I am not even trying to confront them with the idea. Such approach is far from correct! As many as 92% of managing directors from private companies, who participated in a survey for Fortune magazine report[2], admitted they always put aside some resources to finance investments. Therefore, you should not limit yourself when presenting your ideas to the business executives. An investment bringing numerous benefits and helping to improve financial results surely will not be overlooked. What is more, we will avoid the situation when the decision concerning the purchase of new technologies will be made outside the IT department.

What else?

There are a number of other factors which have an impact on the positive decision of the management board about the project proposed by the IT department. The previous successes of the CIO in the implementation of new technologies, the general economic status of the company or an incident which results in the need to purchase a specific solution immediately (e.g. data leak). The sum of these factors will decide whether our project will successfully pass through the management's desks. Whenever possible, make sure that as much of the advice, which have been provided here, as possible is put to use. Even if you fail at the first attempt, conversations and the presentation of solid arguments will bring the business and IT divisions together and will help you understand your mutual needs.

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[1] http://itwiz.pl/drugiej-firmie-decyzje-dot-technologii-zapadaja-poza-dzialem/

[2] http://fortune.com/going-private/