

Strategically Focused, Tactically Responsive

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SIM Chicago Chapter

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CENTER FOR SYSTEMS INNOVATION
[c4si]

Overview of Briefing

Part 1 - Business Realities

Part 2 - Moving Toward Responsiveness

Part 3 - Business Case Study

PART 1

Business Realities

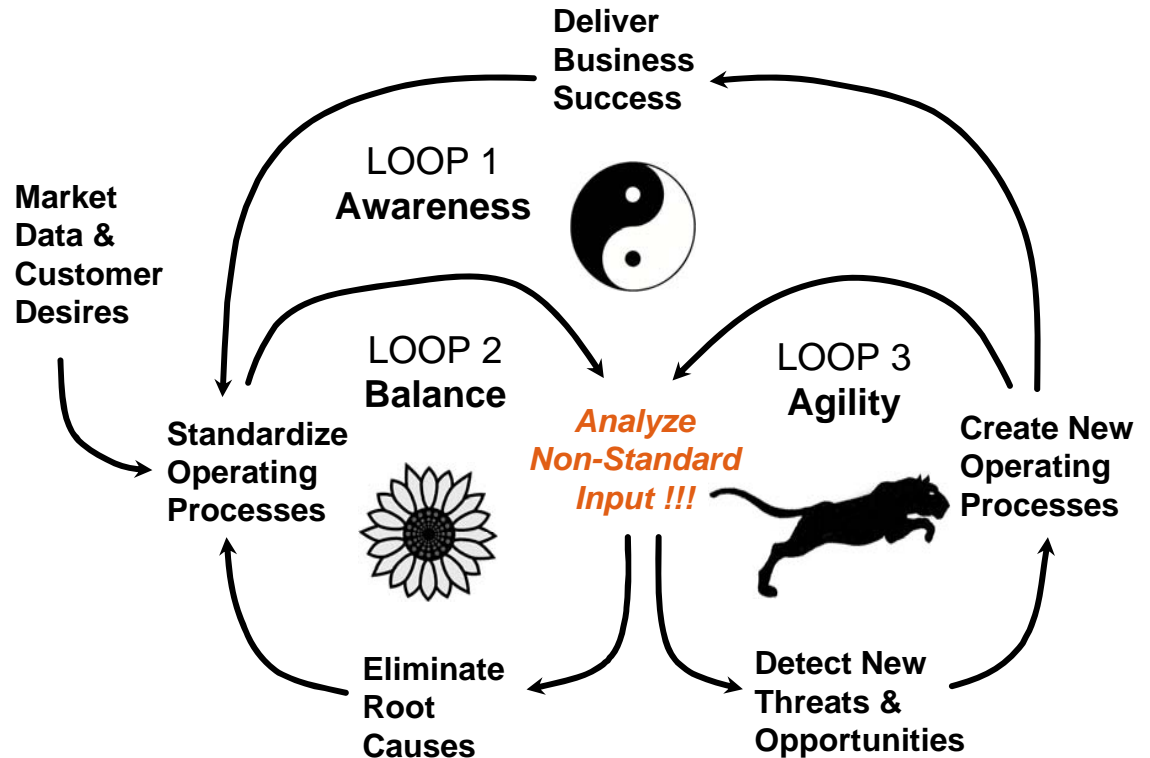
A Continuum Between Two Needs

Efficiency ←————→ Responsiveness

- Efficiency requires **predictability** and **stability**
- Both are now *conspicuously absent*
- Responsive enterprise is to real-time economy as assembly line was to industrial economy - **source of wealth creation**
- Respond to changing customer needs by wrapping products in blanket of tailored, value-added services (they are information based)
- Use responsiveness to differentiate yourself or else participate in **“grim race to the bottom”**
- Tale of evolving mobile phone... is it a phone or a fashion?

Dynamics of Focus and Response

- Three feedback loops illustrate how responsive organization works
- Responsiveness is a blend of balance and agility with the awareness to know when to do which
- **It is continuous, incremental change!**

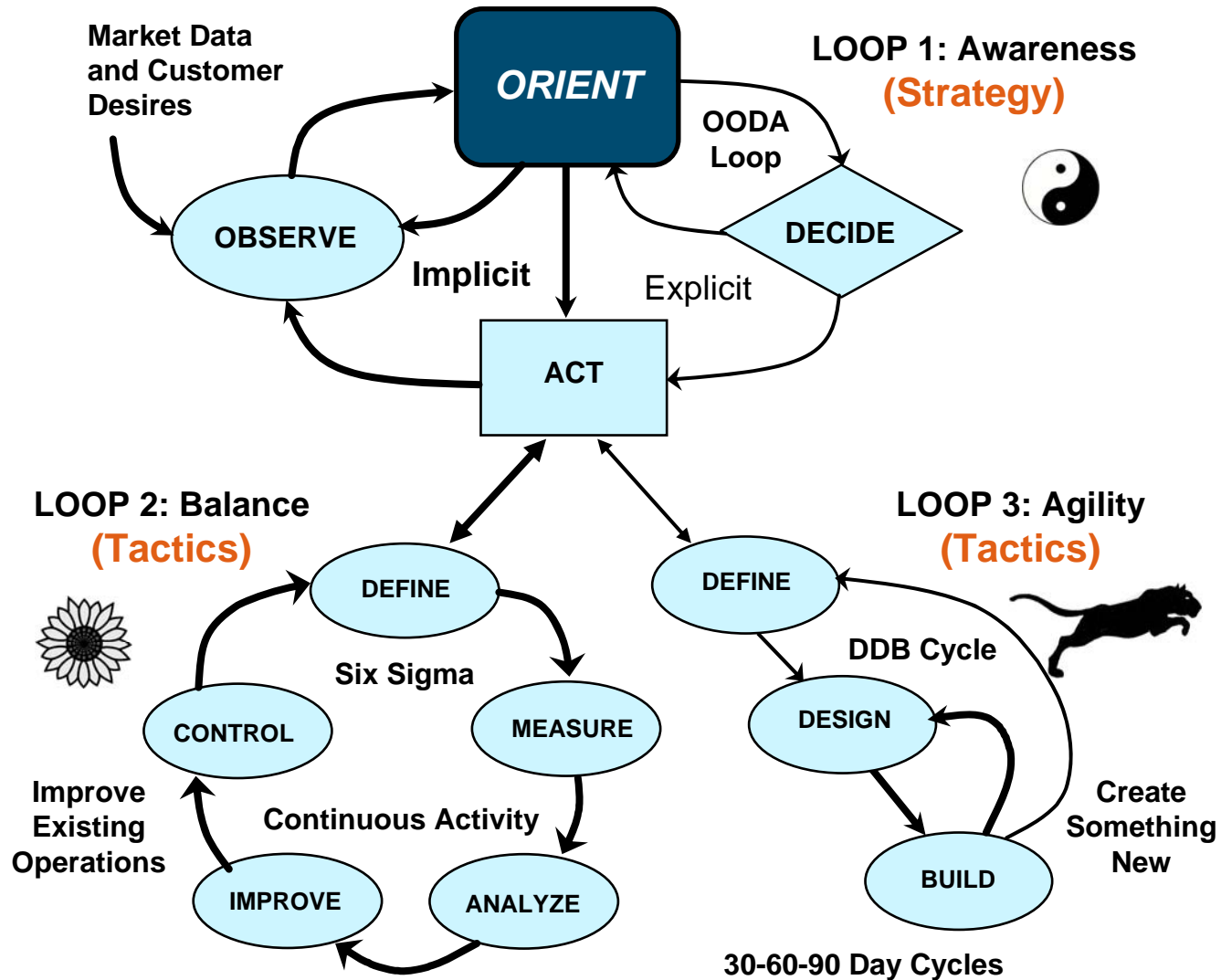


LOOP 1: Awareness = Observe and respond
LOOP 2: Balance = Improve existing processes
LOOP 3: Agility = Create new processes

Strategy is a mental tapestry of changing intentions for harmonizing and focusing our efforts; as a basis for realizing some aim or purpose in an unfolding and often unforeseen world, of many bewildering events and many contending interests.

John Boyd,
A Discourse on Winning and Losing

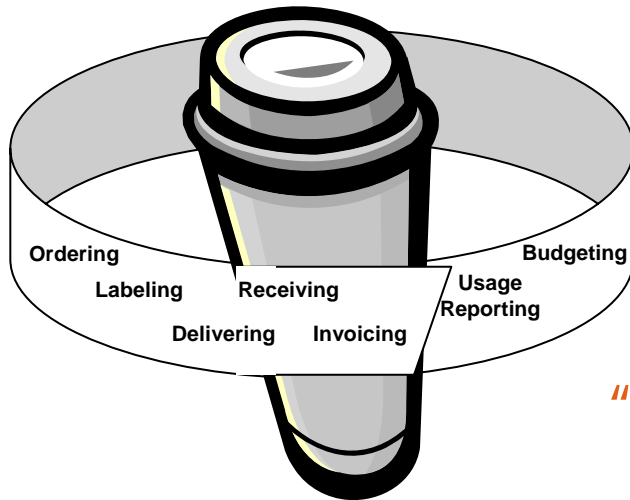
Process Model of Responsive Organization



PART 2

Moving Toward Responsiveness

The Value-Added Paper Cup



Surround commodity items with tailored blanket of value added services

“Never sell a naked commodity”

Every product has two components



Actual Item or Service

(commodity, easily copied, low margin)

Information Component

(tailored to each customer to achieve desired results)

Is IT a Profession or a Utility?

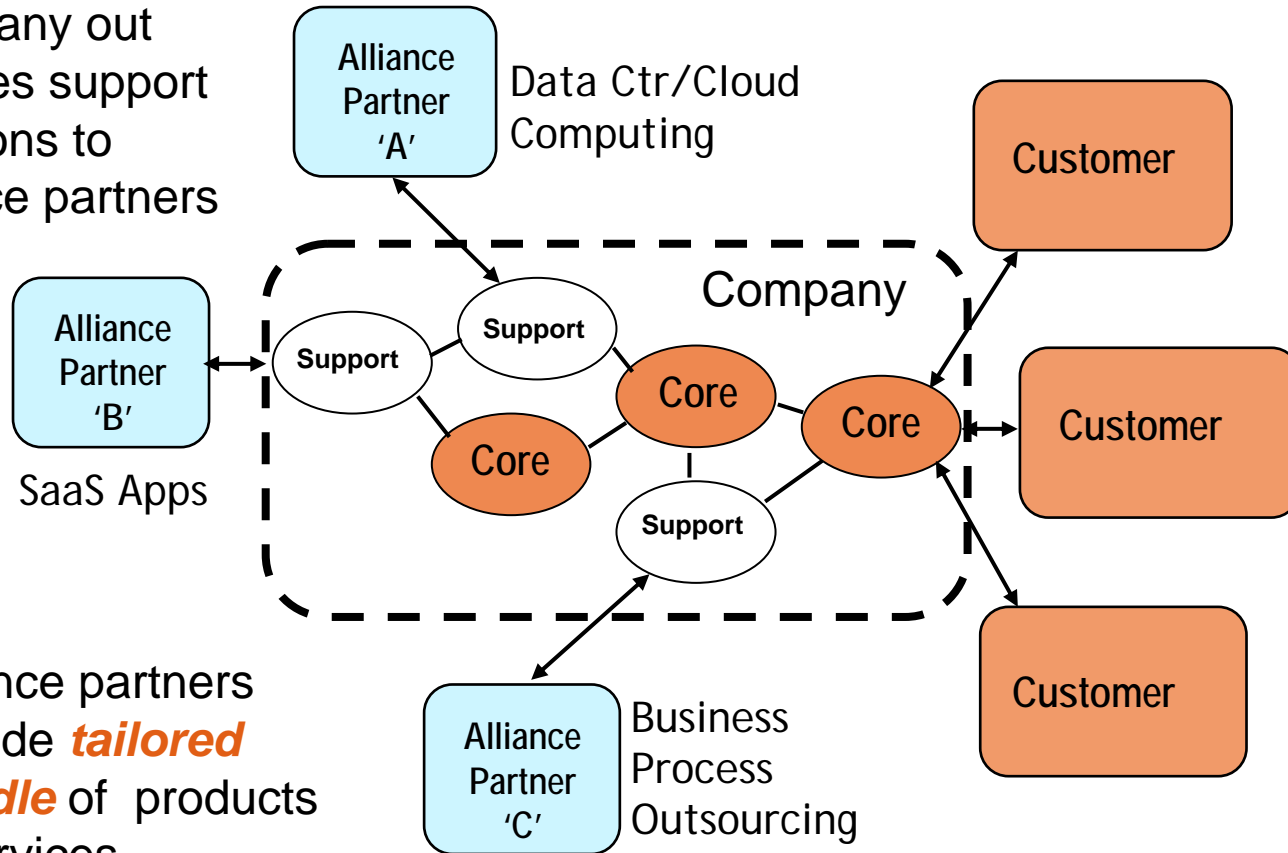
- Does IT matter; is it a competitive advantage?
- Efficient 24/7 operation of existing systems is no longer a competitive advantage - *it's a given!*
- Leverage existing systems and business strengths to focus on responding to change and new opportunities in your markets
- IT groups focus on development of new systems and continuous adjustment and enhancement of infrastructure
- Responsive IT enables companies to continually optimize their performance - *earn additional 2-4% (and sometimes more)*

IT Enables Responsiveness

- Maximize leverage of existing systems and infrastructure
- Support for responsive operations is layered on top of existing systems (ERP, CRM, SCM, etc.) as needed:
 - Data Warehouses and Business Intelligence (BI)
 - Business Process Management (BPM)
 - Simulation and Predictive Analytics
- Use parts of old systems in creation of new systems; grow systems iteratively as needs unfold
- **SOA + Virtualization + Cloud + SaaS + Mashups = Responsive**

Company and Alliance Partners

Company out sources support functions to alliance partners



Company focuses on **core functions** that **produce unique value-add** for its customers

Alliance partners provide **tailored bundle** of products & services

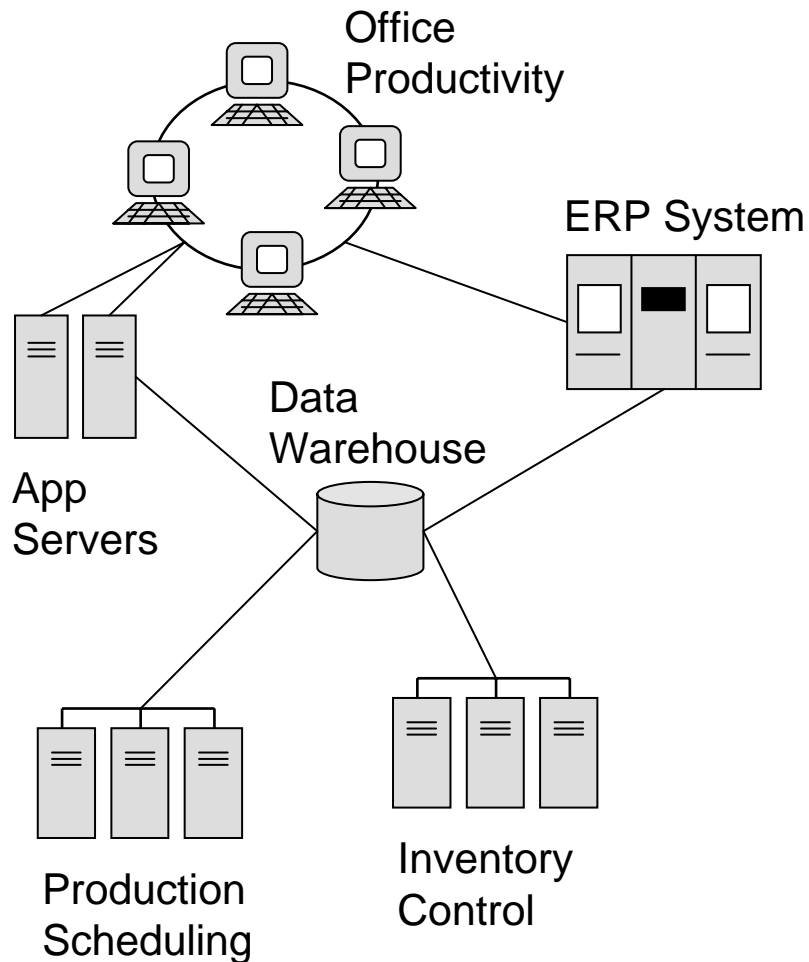
PART 3

Business Case Study “IT Agility in Action”

Disruption of IT Paradigm - *AGAIN*

- SOA, Virtualization, Cloud Computing and Agile Development offer new opportunities for IT infrastructure that is fast, flexible, cost effective and embedded in business processes
- Three unequivocal standards of IT and Business Agility:
 - 1) No Cap Ex
 - 2) Variable Cost
 - 3) Scalable Platform
- Those that master the use of these technologies and techniques will set the pace for everyone else
- *“I’m all for progress. It’s change I don’t like.”* Mark Twain

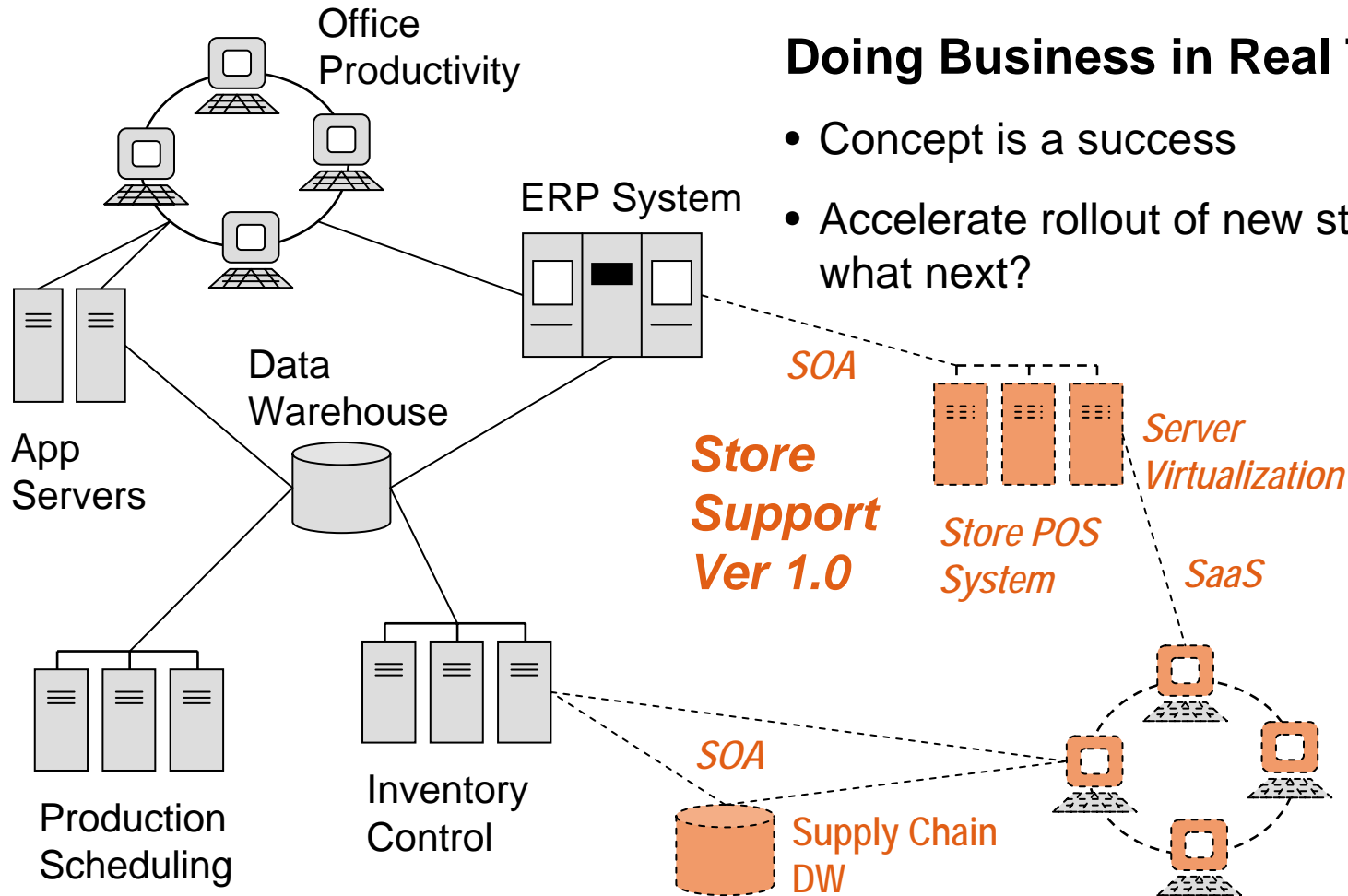
Case Study



Doing Business in Real Time

- Old-line candy company selling through traditional low margin retail channels
- People see opportunity to sell “designer chocolate” and related items in cozy storefront setting
- Company decides to quickly market test idea by opening a few stores
- **Need systems support in 90 days!**
- Consider TCO of solution: **lease/buy; sunk costs; scalability; flexibility**
- ***Business agility calls for IT agility...***

Case Study

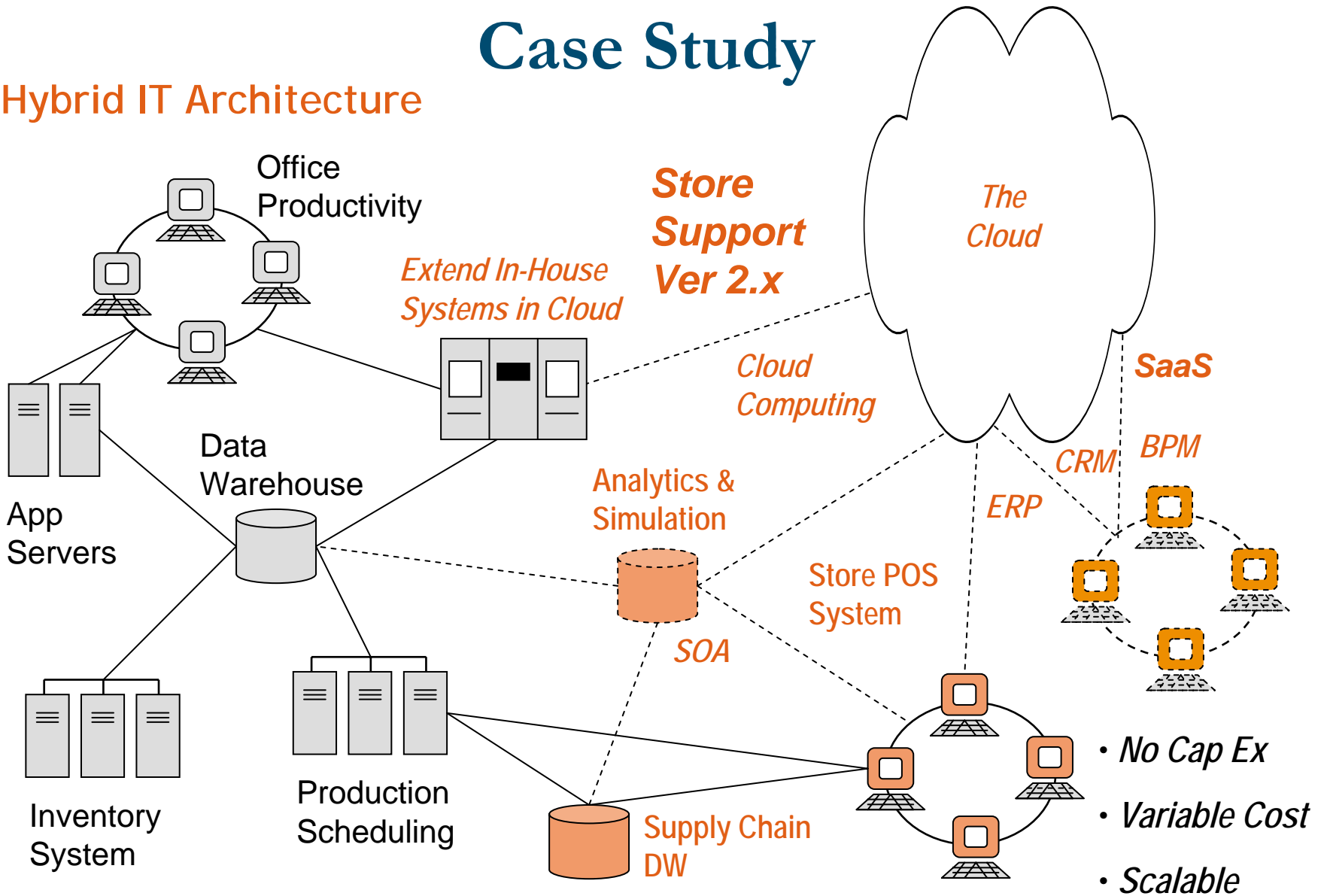


Doing Business in Real Time

- Concept is a success
- Accelerate rollout of new stores... what next?

Case Study

Hybrid IT Architecture



Lessons Learned So Far...

- Web portals and mashups provide unified user interface by replacing different system screens with common GUI front-end
- Maximize use and re-use of existing applications (ERP/CRM/SCM) with SOA and WOA (web oriented architecture)
- Maximize server utilization through virtualization
- Split systems processing between in-house platforms and cloud/SaaS platforms; host new system in-house or in the cloud as security and business needs dictate (cloud computing nascent but evolving quickly)
- Extend in-house systems, improve performance of applications and reach new users and customers via cloud computing options
- Continuous incremental change to IT infrastructure as business unfolds
(No big bang projects!)

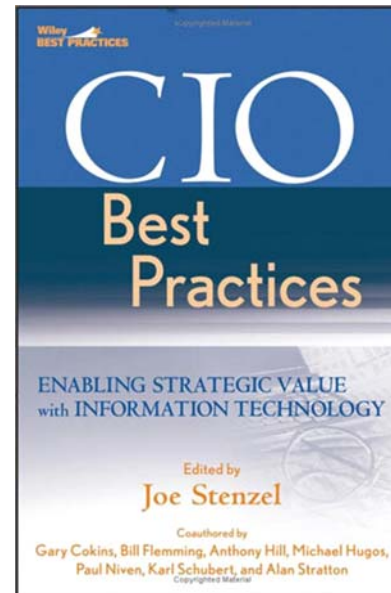
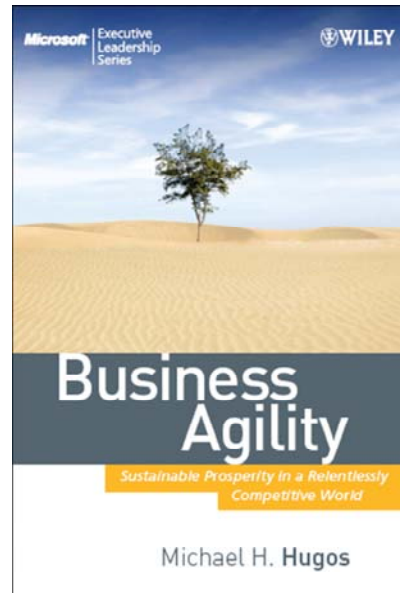
Change is the one predictable thing in a world

where so much else is so unpredictable, and companies optimized to deal with change will certainly be more successful than companies not optimized to deal with change. That is why **responsiveness trumps efficiency**; that is why responsiveness and the business practices that bring it about are the **basis for sustainable prosperity** in this century.

Michael Hugos,

Business Agility: Sustainable Prosperity in a Relentlessly Competitive World

Learn More



Presentation excerpted from two of my books:

- *Business Agility*, author, 2009
- *CIO Best Practices*, co-author, 2007

Join the conversation at my CIO blog:

- CIO Magazine Website: [Doing Business in Real Time](#)