

Executive Summary

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Globalization has erased the boundaries of night and day, expanded the languages we do business in, and provided us with more opportunities for both new business and new competition. Education breeds new ideas and disciplines that are continuously adopted by business, expanding the capabilities of every person and eliminating the ancient concept that only a select few are fit to lead. Technologies continue to speed up response times, void the physical boundaries for doing work, and increase the amount of information we work with.

In this day of information overload, making decisions is even tougher. There's more data, less time, and more choices. How do we know what information is relevant to our decisions? How do we identify alternatives that will solve problems without creating new ones? How do we ensure that our decisions are aligned with the company, our department, and our life priorities?

The accompanying *Executive Report* explores some simple actions to alter your thinking and ultimately improve your approach to getting the right things done. We'll talk about two of the most common and far-reaching oversights made by today's CIOs. The oversights we're referring to are quite subtle: how we frame the situations we're faced with and how we decide. Every decision we make is greatly impacted by these two tasks.

FRAMING THE PROBLEM

"In my hand, I hold two US mint coins that total 55 cents in value. One is not a nickel. What are the coins?" This is an old riddle that emphasizes the importance of how we view a problem. The solution: one coin is a fifty-cent piece and the other a nickel. Many people complain, "You said there were no nickels!" These conversations easily escalate into arguments about how one views the riddle, not the solution. Whether you agree or disagree with the riddle's meaning is irrelevant. Remember, your goal was to come up with a solution, not a new problem! But finding a solution depended on how you viewed the problem.

We have a tendency to subconsciously frame things before we know what we really want or need, and we tend to favor choices that involve activities and outcomes we like versus those we'd rather avoid, even when the final outcome would provide better results.

By identifying the relevant factors, you can put analysis back into your decisionmaking. But this must be done before any alternatives are designed. Why? First, our prejudice for one solution over another often invalidates the analysis, ultimately rendering the decisionmaking discipline worthless. Studies have shown that people who are presented with a solution before receiving information about the problem consistently end up using the information to justify

the solution they were originally given. They rarely think of alternatives or use the information to justify another solution. Second, knowing at the outset what traits you're evaluating against will help you avoid indecision and argument, especially when many people are involved. Describing the process (e.g., how the alternatives will be evaluated using the factors we've already developed) before doing the evaluation of alternatives against criteria will keep the discussion objective.

DISCIPLINE IN ACTION

Remember the last time you were asked to reduce your budget? You could have chosen any number of ways to achieve the reduction, but let's assume you decided to use the simple across-the-board cut method. You ask your direct reports for suggestions and, as usual, get none. As team members, they are sympathetic to the goal, but individually they warn of the drastic consequences a cut in *their* budget will cause. It comes as no surprise when every proposed cut receives opposition. You, and you alone, are going to have to make the decisions. So you decide: cut this, eliminate that, decrease the other. No one's happy. No one's supportive. It isn't too long before the effects are felt. Key areas are reporting delays, additional costs, etc. You're dealing with wildfires everywhere. But what else could you do? You made the best decisions you could.

Reframing

The budget cut was handed down to everyone as a frame in and of itself. Before announcing the new directive to your staff, take a moment to reflect on what's really being asked and reframe the challenge in light of the company. What is the CEO really trying to accomplish? What affects will it have on customer expectations? Will this affect existing projects and goals within your division?

After looking into things further, you discover the real reason for the latest pronouncement. The company's traditionally healthy profit margin is threatened. Sales recently announced a major reduction in its forecast, and your CEO responded by demanding a lowering of costs during this tight time. This approach is based on the traditional cost accounting (TCA) frame, which doesn't apply to today's IT services. TCA was created on the basis of volume and products, not value and services. Although company finances are critical to a business, they are rarely all that matters.

Decision Time

You immediately develop a simple list of those tasks and projects that cannot be touched for mandated reasons (regulation, company policy, etc.). That's not to say that these tasks and projects escape evaluation later, but you don't want to start with them. Next, you develop a table to identify the factors you want to evaluate all alternatives against. This allows objective assessment and credible justification for your decisions.

You reframe the challenge to your IT staff based on these factors. You describe the situation and the reason for the cost-cutting ultimatum. You go on to explain that cutting costs isn't always the answer. You are looking for any alternatives that might benefit the company's profit margin while maintaining other expectations like the customer

relationship management/enterprise resource planning implementation, the Sigma Six ratings, etc. You provide a handout that explains these factors and the format your staff should use to evaluate their alternatives. You explain that, as a team, you'll evaluate all alternatives and decide how to respond to the CEO's request. You set a deadline and watch what happens. Not only will your staff look at ways of cutting costs, they'll offer out-of-the-box alternatives — all because you took the time to change the frame. You end up with good analysis containing solid justification for your decisions, which makes selling your ideas easier.

IT STARTS WITH HOW YOU LOOK AT THINGS

No longer can you survive by adhering strictly to the industrial revolution's ideas of specialty, volumes, probability, and control. You must expand your disciplines to respect the information revolution's core ideologies of generality, personalization, uncertainty, and order. When you observe a river, do you notice how the banks contain the water or how the banks and water relate to one another to create the river? This is the difference between how we looked at things yesterday and how we must view them today.

When business was first transacted, the concept of money and written records didn't exist. Yet growth spurred the need for a more disciplined approach to doing business. Such evolution also applies to decisionmaking. More than ever, developing a good discipline for making your decisions is necessary. The overall lesson of the *Executive Report* is two-fold. First, managing today's business is more a matter of order than control. Second, putting some order into two of your critical daily decisionmaking activities — framing and deciding how to decide — will greatly improve the results you seek.

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