

# BTM Institute Research: Contours of Convergence

This series of BTM Institute research reports further investigates the next generation management practices required to create unified organizational capabilities and maturity advancement while highlighting the real life best practices implemented within leading organizations around the globe.

## Becoming Better Business Technology Leaders

Unifying the management of business and technology will sooner or later involve everyone in the organization, from the chairman of the board of directors to the newest hire on the project team. It is not a temporary activity assigned to a committee; it is a new way of doing business. While technologists may initially see the need for it, it will work only with the full participation of their business colleagues. Convergence requires not only new roles and responsibilities but also a new mindset and new skills. In converged companies, business-unit and technology leaders operate almost interchangeably: every manager is accountable for some business-related aspect of technology—whether it's product design, operations, or customer service. Next generation leaders have mastered the skills needed to articulate their business objectives and then use technology to achieve those objectives.

## An Operational Blueprint of Your Business

A Strategic Enterprise Architecture describes an organization's business model and the technology environment necessary to support it; it outlines the technology standards the enterprise will - and will not - use in achieving its goals; and it provides the framework for categorizing, analyzing, managing, and rationalizing the applications the enterprise employs in enabling its business model and in executing its strategy. Companies with a mature strategic enterprise architecture have documented, fully integrated business and technology architectures that describe the organization and represent the business technology necessary to reach its goals. Standards are enforced intelligently, with reasonable exception processes in place. Finally, there are regimes for ensuring that the organization both knows what business technology assets it has today and those it will have in the future - with a plan for an orderly transition to the future state.

## Business Technology Investments

Strategic Investment Management capabilities apply the disciplines of asset portfolio management to business technology and other productive assets. It translates strategy into action by subjecting all initiatives to a consistent framework for approval and prioritization, requiring each to show why it is a superior investment in the mix of possibilities. Companies mature in this area have repeatable processes for sponsoring, selecting and managing initiatives, with a standardized means of structuring programs and projects to ensure they are managed in accordance with enterprise standards. They have a standard way of determining both the demand and the supply of resources - human, financial, fixed, and other - for future initiatives of the enterprise; and, there is a management entity that actively monitors and manages the performance of those initiatives, which serves as the "early warning" system for elevating issues to upper management and the board.

## Agility. Philosophy and Action

The frenetic pace of business today has reduced the life expectancy of corporations and the tenure of CEOs. The response has been a call for agility, the ability to move quickly to take advantage of change. But definitions of agility vary, and implementing it is difficult. Our previous research showed that companies that had converged their management of business and technology realized higher profits and faster growth than their competitors. It further showed that these companies were agile. This paper continues to build on that research to examine the attributes of agility and how successful companies employ technology to achieve it. Agile companies create the processes and structures that allow them to know what is going on internally and externally. They then develop the mechanisms to act on that knowledge. The capabilities that lay the groundwork for effective Strategy and Planning in order to be agile, are at the intersection point of business and technology, where the enterprise's strategic intent both influences — and is shaped by — the technologies essential to moving the business forward.

## Managing Beyond Your Four Walls

It goes without saying that bringing the business and technology sides of an organization together will require different ways of organizing and governing. New organizational structures &ndash; committees, working groups, and positions &ndash; must be established at every level of the organization, from the CxO suite to the project team. They will require new reporting relationships, decision-making processes, and information. In organizations with a mature governance process, essential management capabilities have clearly been institutionalized. This set of capabilities harmonizes and integrates the varied interests of all stakeholders within the enterprise; they provide for and direct changes in the overall enterprise as it matures in its management of business and technology; they communicate to the entire population of the enterprise; and, they serve to ensure that the enterprise understands, provides for, and operates within the regulatory environments in which it does business. It is the catalyst for the enterprise's purposeful move to Convergence.