



ISRC Notes – October 1999

Marketing the IT Organization: Fostering Effective Relationships with Business

An ISRC Roundtable Discussion

The first roundtable of the 1999-2000 year produced an informative discussion of both the barriers and the potential solutions to marketing the IT organization to the business. Peter Todd set the stage for discussion by defining the marketing mix and differentiating between products, services, customers and consumers. The discussion that followed demonstrated the diversity of solution approaches and raised a number of interesting points for consideration.

Introduction and Overview

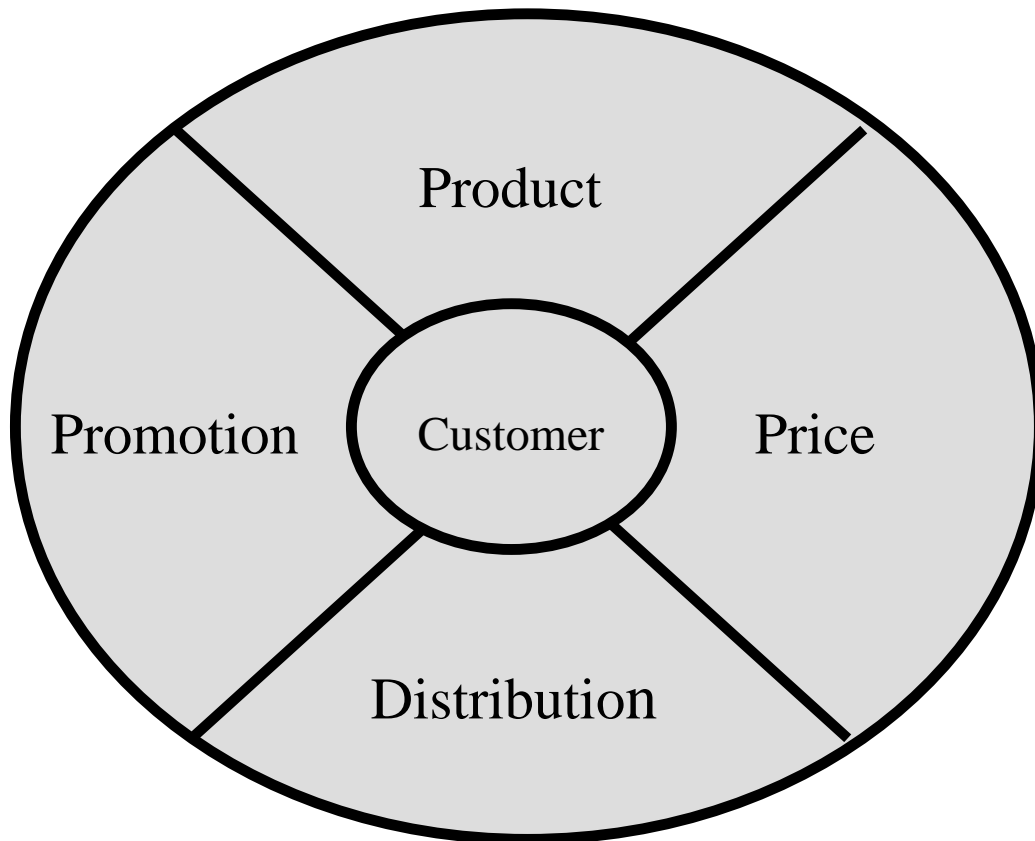
“Ability” was the watchword of the day. With apologies to Mr. Webster; trustability, reliability, convinceability, dependability, communicability, believability, feasibility, and credibility all play a role in the marketability of the IT organization. The need for marketing IT has never been greater. IT as a service organization is now a part of every desktop in the business organization and its performance and problems are instantly known to every member of the firm. IT now contacts the customers directly through web pages and electronic data interchange. Additionally, the proliferation of outsourcing options and shared services organizations also means that IT is being constantly benchmarked by the business units. Understanding how to market and reengineer the IT organizational culture to focus on customer service and sales may be the key to survival of the organization in its present form.

Understanding the Customers’ Needs

IT customer needs can be specified at three levels. At the lowest level of customer needs is reliability. IT is viewed as a service utility and is expected to provide 24/7 dependability. At this level we are dealing mainly with the consumers of IT services and the measure of success for the IT department is the peace and quiet that comes from going unnoticed. The second level of customer needs involves building credibility around the delivered applications. IT is viewed as a consultant that can satisfy business goals and objectives. The highest level of needs involves getting commitment as a strategic business partner by the executive management of the firm. At this level IT is dealing with their real customers (the ones who pay the bills) in an effort to enhance business value. IT becomes a true business partner. It is important; however, to recognize that you need to satisfy the lower level needs before moving on to this level.

The Marketing Mix

Once customers have been specifically identified and their needs understood; marketing then involves a combination of issues involving product, price, promotion and distribution. Managing these issues requires tradeoffs to be made between such factors as price and type of product (service) or price versus the distribution or access to information services. It is the job of the promotional effort to resolve these conflicts and convince the customer that the proper mix has been achieved.



Promotion of services such as IT is different than the marketing of products. Services are intangible; you are selling promises. Services are also perishable, they cannot be inventoried and unused capacity is gone forever. There is a high degree of ongoing customer contact that requires an ability to communicate -a skill that IT people are notoriously bad about. Trust has to be built up over time and after a series of successful joint endeavors. All of these factors complicate the marketing of IT services and solutions.

Barriers to Overcome

The discussion group identified the barriers they face in their firms that have to be overcome to successfully market the IT organization.

- Credibility
 - The decision maker not accepting that IT people know how the business works
 - Not being in the loop at an early stage
 - Vendor promises the moon but IT has to deliver
 - Managing customer expectations

- Understandability
 - Customers' lack of understanding of IT problems and complexities
 - Goal misalignment between IT and the business
- Communicability
 - Not listening to customers
 - Cultural barriers in teaching IT people to market
 - Poor communication skills in IT
 - Need to get IT people passionate about service and customers
- Feasibility
 - Cost of services versus value provided
 - Need joint and integrated business plan in order to sell value
- Reliability
 - Limitations of infrastructure

Customers

IT's customers come in all shapes, sizes, and value systems. There are the customers who are external to the business and there are the internal customers. One of the problems with external customers is if they are unhappy with IT services, they call the internal customers. There are the "IT influencers" who can be different people depending on the project. There are "retail" customers that are a single service user such as a desktop and there are "wholesale" customers that are multiple service users. There are the customers who pay the bills and there are the consumers who use the service. The internal customer, consumer and influencer have many similar but also many dissimilar primary wants and needs as itemized below:

WANTS AND NEEDS OF IT CUSTOMERS

CUSTOMER (PAYS BILLS)	CONSUMER (USER)	INFLUENCER (CHAMPION)
Projects completed on time	Responsiveness to needs	Projects that match their vision of the future
Projects completed on budget	Systems that are easy to use	Creative solutions
Good quality products	Good quality products	Results that make them look good
System and service reliability	System and service reliability	Know how the system is going to work
Receive concrete value	Panache/Image	Confidence that IT can deliver
Clear link with their expectations	Clarity in using	Building foundation for the future
Convenient/no hassle implementations	Training	Made to feel special
Have stated benefits be realized		

Help in determining current and future needs		
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Products

IT offers two key classes of products, services and solutions. Services deal with the infrastructure. From a service perspective the customer regards IT as a utility that should be continually available and 100 percent reliable. Services are to be provided at the lowest possible cost and any problems should be invisible to the user.

Solutions are concerned with the development of new applications. IT must provide leadership and direction and demonstrate the strategic value of the project. Cost still plays a role in providing solution services.

Price

Pricing of services to the user is a sensitive issue without a simple solution. No consensus was reached in the discussion as to identifying the best method or even the wisdom of charging costs to user departments. Some IT organizations allocate their entire budgeted costs to user departments while others are separating out infrastructure costs from project and other direct costs. The direct costs are charged to users with a percentage loaded on for infrastructure. When direct costs are charged separately, issues arise as to billable time utilization, labor rates, and managing personnel versus contractor staffing levels. The bottom line is that it makes sense from a business point of view to charge the costs to the area that can manage them.

The value of the solution must also be determined to weigh against the cost regardless of where those costs are charged. The “influencer” or champion can be an ally in this effort. The value of the solution is the difference between the cost of doing it versus the cost of not doing it.

Distribution

The centralization/decentralization debate continues. The perceived value to the business unit of having IT people working in their areas is offset by the narrower based solution designs. Intranets are helping. Help desks and technical expertise can now be made available economically on a global basis without having to incur the costs of labor intensive replicated services. Another suggestion was made of partnering with vendors so that the IT group doesn’t need to staff all skills in all locations but rather could use outsourced skills to supplement where needed.

Promotion

Promoting IT and its services should be done through several channels starting at the top with the CIO/CEO relationship. Steering Committees are also a good forum for obtaining supporters and cementing the necessary relationships. One discussion participant mention their use of a “Guidance Review Team” made up of project leads and influencers which also can serve

as a way to get IT's message out to the organization. These project leads should also be customer service representatives in that they are in the front-line position. Dealing with the single service customer should be done in a proactive manner. IT is a real in-your-face service at that level. The desktop is right there and if there are problems, notify these users immediately. It is far better to get the bad news out rather than just letting it happen.

Summary

Marketing the IT organization to the business means utilizing skills and attitudes that have been foreign to IT people in the past. Customers were more limited both in number and area of the business. Now virtually everyone in the office has technology on the desktop and IT's customer base includes a broad range of skills and perspectives. IT is under a microscope where every burp in service becomes a point of water-cooler gossip. Of all the "abilities" discussed the hardest one to attain is respectability.

Additional Information

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Pitt, L.F., Watson, R.T., & Kavan, C.B., 1995, Service Quality: A Measure of Information Systems Effectiveness, MIS Quarterly, June, 173-187.

http://dhrinfo.hr.state.or.us/intranet/tands/MarkIT/Marketing_IT.htm

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