



Outing the Elephant.

How to Increase Technology Sales in Tougher Markets

Abstract

New technology is bought by organisations to generate a business return: to cut costs, increase sales and improve service. So why, in tougher market conditions, don't organisations invest more money to make more?

It's because there is an elephant in the room! Customers are just not confident that they will get promised benefits, and let's face it, they have very good reason to be sceptical.

Technology suppliers who want to thrive in tougher markets must help their customers to understand the real business benefits their solutions provide and give much more practical help to ensure they are achieved.

In this paper *ChangeBEAT* discusses how new ideas in benefit and change management are being used to "out the elephant" and how technology suppliers can profit from these new techniques.



"Billions of pounds are wasted every year on new IT systems." Royal Academy of Engineering and the British Computer Society report

Does IT work?

If organisations really believed that every pound they spent on technology would deliver two pounds of benefit, they would buy a lot more of it. Main board agendas would be filled with proposals for new investments and the order books of technology companies would bulge. Talk of mature markets and low growth would fade into distant memory and the technology industry would fill with the best and the brightest people once again.

The reality, of course, is that the customers don't really believe it. Though we see all around us evidence of the many benefits technology can confer, most new investments are made reluctantly, and with circumspection.

IT vendors talk enthusiastically about the "benefits" their products offer, but wary customers listen with only half an ear and focus on cost.

So have the purchasers of technology lost the plot? Are they missing opportunities to swell their own coffers and make their suppliers successful along the way?

An unimpressive record

Sadly, customers have good reason to be sceptical, because there is an elephant in the room. It is a fact (whisper it ever so quietly) that most technology investments fail to deliver the expected business benefits. Definitive numbers are impossible to quote because so few technology implementation projects set financial performance goals and fewer still evaluate them after the event.

But according to a survey of 14,000 UK companies¹ only 10-20% of technology investments are considered a success. Half of the remainder are only partially successful and the rest are complete failures.

In the past, many project failures arose from technical, performance, cost and product quality issues. Poor project management often played its part. Inadequate specification, insufficient planning and lack of change control were often identified as the reason for high profile project failures.

However, as the technology market matures, products are becoming more functional, easier to use, cheaper

*"56% of the worldwide organisations surveyed had to write off at least one failed IT project in the past 12 months."
KPMG*

¹ Professor Christopher Clegg, University of Sheffield, in a study looking at experience from 14,000 UK companies.



and more robust. In the early nineties an image processing and document management workstation cost tens of thousands of pounds. Today the same functionality can be delivered on a standard personal computer with a broadband connection.

"Around 16 per cent of IT projects can be considered truly successful." RAE & BCS report

Project management methods are improving too, and, when they are used properly, significantly improve the chances of the defined project deliverables appearing on time and to budget.

But even though the technology industry is increasingly capable of delivering specified functionality, it still struggles to demonstrate clear, provable business benefit to its customers.

According to recent work² only 10% to 25% of the potential business benefit from technology investment is achieved. The rest is wasted, resulting in lost opportunities which have cost industry, commerce and government departments the astonishing estimated sum of £50bn in the UK alone.

Root causes

In this paper we explore the three root causes of this vastly expensive problem.

- Pervasive confusion between the capabilities that systems could provide and effective deployment for the achievement of business benefit.
- Inadequate definition and management of the benefits that technology investments can deliver.
- Failure to deal with the business change challenges of introducing new technology.

"Today, only 30 per cent of government IT projects and programmes are successful." Joe Harley, Department for Work and Pensions

Capabilities vs. benefits

New technology brings new capabilities, but a capability is just and only that – the potential to do a thing. There is the world of difference between having a capability and putting it into practice by using it to support an improvement in the way the business works.

To have the potential to become world champion is one thing – to stand on the rostrum with the gold medal is quite another.

² Benefits Realisation Management by Gerald Bradley: Gower Publishing 2006. See also Benefits Management by Ward and Daniel.



Inadequate definition and management of benefits

The professional IT project manager has learned over the years that he or she must manage carefully the scope of their project, or they will end up in trouble.

Once the prospect of a new project is raised (possibly as a result of an impressive supplier demonstration), the first question the new project manager asks is, "So what are the requirements?" The project manager is in effect saying "specify what you want, in functional terms, and my project will deliver exactly that."

Using classic scoping methods, the project manager draws boundaries and describes deliverables principally in terms of the capabilities (functions) that the system will provide. He will not consider himself responsible for the achievement of benefits. That responsibility, if discussed at all, rests with the executive sponsor. The executive sponsor, meanwhile, has no real notion of what this really means, so accountability disappears into a sea of elephantine grey, unmentioned, unowned and certainly out of scope!

Emerging programme management approaches³ do identify explicitly benefits achievement as the responsibility of the programme manager, but few organisations have yet assimilated this discipline effectively into the way they work.

Failure to deal with the change management challenges

Inadequate definition and management of benefits is exacerbated by the nature of the so-called "change management challenges", the challenge of getting people to change their behaviour and work in a new way with the new system.

According to recent research⁴ the three biggest hurdles to successful technology investments are

- Unclear business vision or objectives
- Lack of senior management commitment
- Lack of stakeholder buy-in

People resist changing the way they work. A new system may be delivered, but there will be no business change unless it is used successfully and there may be many reasons why both executives and end users

"It is time for the IT industry to embrace the discipline and professionalism associated with traditional branches of engineering." *Professor John McDermid, RAE & BCS report*

"Failing IT systems are an appalling waste of public money and cause distress to thousands of people." *Archy Kirkwood MP*

"The BCS firmly believes that increasing professionalism is key to improving success rates on projects." *Prof. John McDermid, RAE & BCS report*

³ For example Managing Successful Programmes (MSP) and the Programme Management Body of Knowledge

⁴ Ibid.



won't, can't or don't see it as being possible, practical or in their interests to do so.

While programme management methods do identify change management as a programme management responsibility, in practice few people take this issue on. They avoid the responsibility to secure senior management commitment and stakeholder buy-in. These critical activities require a high order of communications (actually sales) skills and a level of business knowledge that programme managers do not always have.

Further, change management can be fraught with political issues and pregnant with the prospect of conflict. Project managers know that making people change is outside of their powers. They expect "senior management" to front up to these tricky issues, while often wondering out loud if they will really do so.

They focus on doing what they can; delivering technology and functionality on time and to budget, assuming that someone else is worrying about getting the system into productive use.

Ignoring the elephant

Despite this inconvenient truth, technology suppliers have targets to meet and new projects are launched every day, though each one is odds-on to fail to meet its business objectives.

There are very understandable reasons for this. The technology suppliers have no choice but to respond to the Wall Street and City pressure for quarterly measurement, so they avoid the subject of successful deployment and benefits achievement, fearing it will slow down the sales cycle. They may also feel that, in the absence of a strong benefits case, additional deployment costs may deter the customer from acting.

In any case, they are often not equipped to do anything very much about it, lacking the necessary expertise and methods.

Instead they sell hard the capabilities of their systems (potential benefits that their product could provide) and hope or assume that their customers will worry about the complex deployment issues.

Buyers, be they business experts or IT professionals, want the benefits that they are told the products can provide. Often underestimating the full extent of the challenge of technology implementation and effective business deployment, and/or lacking the expertise to shape the benefits management process and the co-requisite change plan, they confine their focus to the

"Taken as a whole, the NHS programme for IT has failed so far." Andy Burn, Connecting for Health



proposal in front of them – to purchase and install the technology – condemning themselves as they do so to join the growing list of project failures.

The business case: the elephant's fig leaf

"If anything could go wrong with the IRS's fraud-detection system, it did." Margaret Begg, US Treasury Department

However, the track record of failure in technology investments is no longer such a secret and this reputation makes boards (and even UK Government ministers)⁵ sceptical.

When faced with a request to spend, therefore, they demand to see "a business case" supported by "hard benefits" to reassure them that their money will not be wasted. In principle this is a fine idea, but the devil is in the detail, or rather, in the lack of detail that the resulting business case contains.

Without established best practice or clear guidelines about what a business case should be, it typically has one or more of the following characteristics

- It focuses not on business improvements that will be implemented but on technological capabilities.
- It focuses on just so much of the story as is needed to get the proposed investment funded.
- It looks for "hard" benefits just sufficient to cover the immediate cost of the proposed technology investment. Potentially important (softer) strategic benefits may be mentioned, but without rigorous treatment or a clear route to how the benefits will be achieved.
- There is no ownership for the achievement of the benefits.
- The true cost of deploying the technology is almost invariably understated. According to Gartner deployment costs are likely to exceed technology costs by a ratio of two to one for a typical Enterprise Content Management deployment.
- There is no mechanism defined for measuring progress against the achievement of the benefits. In business you get what you inspect, not what you expect, and so inevitably the benefits are seldom achieved.

In short, the opportunity to create a realistic plan to maximise the potential benefits from the proposed

"Three years after the Richard Inquiry we're barely any closer to the implementation of a national sex offender data-base." Nick Herbert MP

⁵ "It is very frustrating that so many people, including the private sector, are taken in by snake oil salesmen from IT contractors who are not necessarily very competent and make a lot of money out of these things." Jack Straw – Secretary of State for Justice and Lord Chancellor



investment is lost, and the project is well on the way to failure.

So what?

The problem for technology companies is that the customers can see the elephant. This is why, especially in tougher markets, the easy decision will be to slow spending down.

To counter this threat, suppliers must work with the customer to demonstrate that the benefits of the proposed investment clearly outweigh the costs, not with smoke and mirrors, but in a professional, open and systematic way.

They must also help to build a realistic plan to achieve the benefits and to overcome the concomitant change management challenges. This means dealing with new issues: detailed business cases; stakeholder management; communication; benefits management; and training to name but a few.

The good news is that emerging techniques and methods, described in the next section, provide a very practical and systematic way of doing this. Even better, by engaging constructively in this dialogue with the customer, technology suppliers have discovered additional advantages.

- The supplier can engage with the customer much earlier in the sales cycle and start to build a constructive relationship that can lead to “inside track” status before a tender is published.
- By building a sound, comprehensive and rigorous business case the chances of getting access to capital are greatly improved.
- A good business case shifts the focus from cost to benefits achievement, improving margins and deal size. The supplier is climbing the “value chain”.
- By working with the customer to design and define the full change programme, an additional opportunity to provide consulting and other professional services is created.
- Constructively tackling these issues increases deal size and win rate. It also greatly improves customer satisfaction, repeat business and references.

In the next section of this document we provide an overview of change management and benefits management techniques which can be used to “out the elephant” and give customers the confidence to invest.

*“The new Child Support system demonstrates the lack of accountability that exists, even for defective systems.”
Department for Work and Pensions*

*“The probation service system joins a long list of abandoned government IT projects, estimated at nearly £2bn since 2000.”
The Guardian*

*“In 1999, poor planning, inadequate testing, and a rushed IT roll-out, culminated in a backlog of 500,000 passports and huge queues outside passport offices.”
Computer Weekly*

*“In all the departments that I have worked in so many of these [technology] schemes end up over budget and over time and are not quite up to spec...”
Jack Straw,
Secretary of State for Justice*



ChangeBEAT has incorporated the latest thinking in benefit and change management into *WingBEAT*, our practical change management methodology that can help your customers use your technology successfully.

We are ready to help your team engage this methodology either by providing training and tools to your team, or by working alongside you to engage with your customers and sell more, bigger deals.



ChangeBEAT's value proposition

"We're crap at technology and we keep getting done up like kippers."
*Jack Straw,
Secretary of
State for Justice*

ChangeBEAT provides excellent and proven methods for converting a proposed technology investment into a powerful business case with a realistic change programme. Two vital ones are

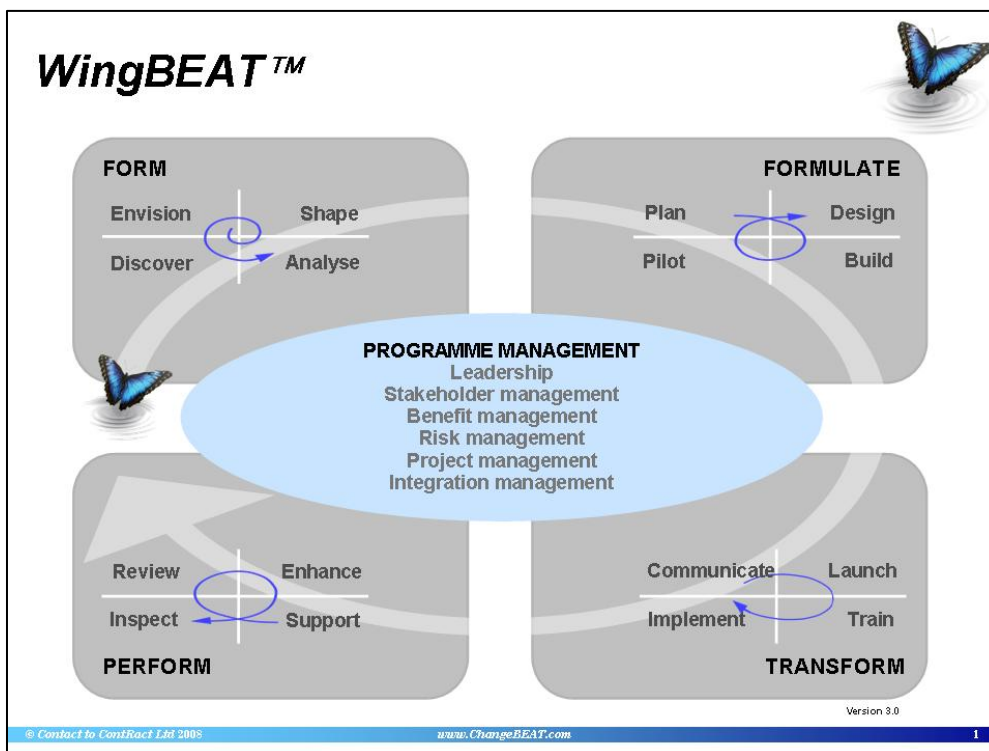
- *WingBEAT™*, our proven change management methodology backed up with over twenty tools
- *BenefitMAPPER™*, a key *WingBEAT* tool that encapsulates emerging thinking in business case development and benefit management.

WingBEAT in a nutshell

WingBEAT is a proven change management methodology that captures over seventy man-years of practical change management experience, and has been used to realise benefits of over £900 million per annum for our customers.

WingBEAT delivers change in four phases

- *Form*: When we build the business vision, define the benefits and shape the programme
- *Formulate*: The creation of everything we need to support the change
- *Transform*: The execution and roll-out of the change programme
- *Perform*: When we measure progress and ensure the change takes root



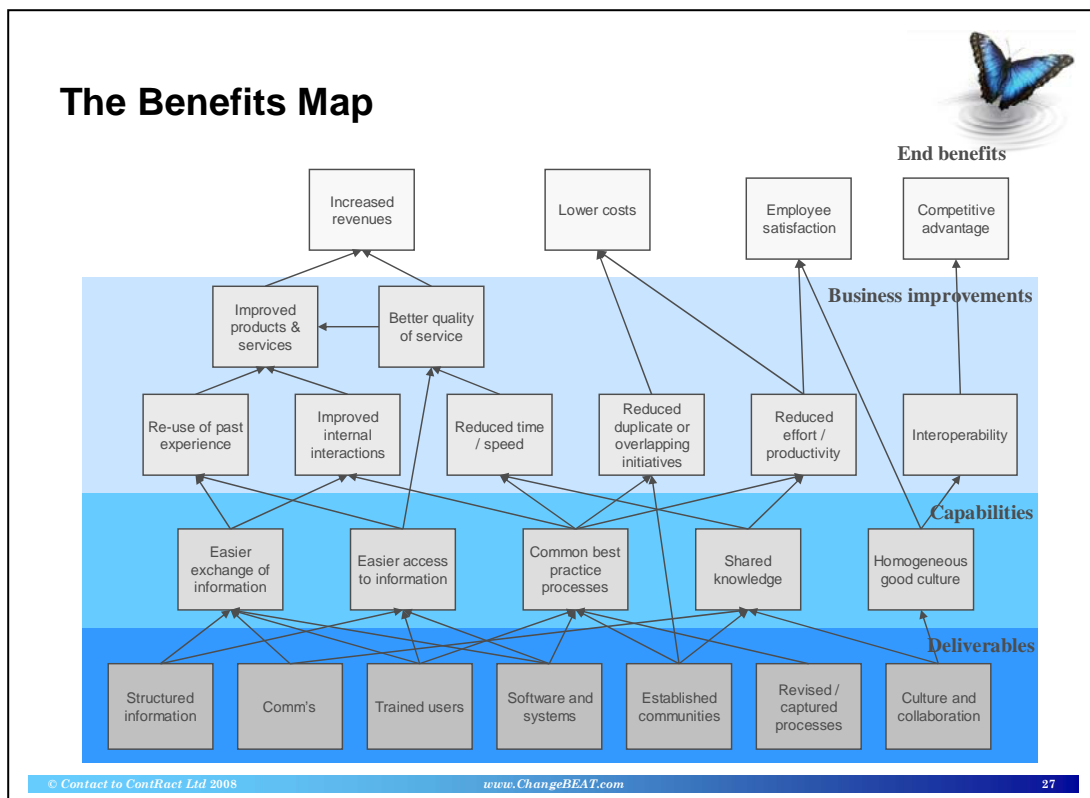
WingBEAT places great emphasis on the activities that differentiate a change programme from an “ordinary project”: leadership and the management of stakeholders, benefits achievement and risk. It is a flexible, but superbly documented methodology with an extensive *ToolSET* that enables comprehensive change programmes to be constructed at high quality and minimal risk.

BenefitMAPPER

BenefitMAPPER is the *WingBEAT* tool that encapsulates emerging thinking on benefits management to provide a rigorous, practical and pragmatic way to place benefits achievement at the centre of any investment decision and subsequent deployment. The central idea of benefits management is that by:

1. focusing much more specifically and explicitly on the benefits that a proposed investment will provide
2. understanding how the benefits interrelate and how they arise from business changes
3. designing a change programme that will drive the business change and benefit achievement, and
4. appraising and measuring the achievement of the expected benefits

...the amount of benefit achieved from the investment will be markedly increased. Obvious, really.



The process produces a Benefit Map (a simplified version is illustrated above) which is then used as the basis for

- Building a financial business case based on a realistic and rigorous treatment of the benefits identified
- Establishing a sound basis for the stakeholder management, communications and benefits management and realisation process, which are supported by other *WingBEAT* tools.

Engaging with *ChangeBEAT*

ChangeBEAT is helping technology suppliers to “out the elephant” and drive their sales success in these ways.

- Providing tools to help you build business cases and change programmes with your customers. These can be customised to your products and offerings.
- Training your people to use these tools as part of your sales and delivery process.
- Alternatively, we will help you sell by working directly with your customers (either as a partner or a subcontractor) to build business cases and change programmes that get access to capital.
- If a technology implementation programme is failing because of change management issues, we provide a way to get the show back on the road.

If you want to “out the elephant” to drive sales success and increase market share, call *ChangeBEAT*.

“Gordon Brown, when quizzed over the promised government IT strategy: “We've got a long way to go.” The Register



ChangeBEAT defines develops and executes change programmes that help achieve enduring business benefit rapidly and reliably. Our people have practical field experience, and are equipped with WingBEAT, our proven change methodology, and our extensive tools. We are professional, pragmatic and action oriented. ChangeBEAT is a trading name and a trademark of Contact to ContRact Ltd.

For further information call **+44 (0) 208 446 6946** or visit www.ChangeBEAT.com