

THE EXECUTIVE ADVISER



How Information Technology Enhances a Business's Strategic Plan

by Jim Gray

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What is the role of information technology in today's business world? The role of information technology has changed dramatically over the years. Twenty years ago the Chief Information Officer ("CIO"), the executive in charge of technology, was housed in a desk in the basement. Today a growing number of companies recognize that the CIO should have a seat at the senior management table. In rare cases the CIO even has a board seat. The CEO who fully understands the role information technology can play in strategic business decisions will find he/she not only can reduce costs but also alter the company's entire business game. Today the most significant result of a strategic information technology-oriented business policy is a transformation of the business.

How influential can information technology be in the success of a business? Two good examples come to mind: FedEx and Wal-Mart. FedEx is a business that most likely would not have succeeded without technology. Fred Smith recognized at the founding of the company that information about the package was as important as the package itself. This approach created a completely new industry unlike any before it. Today, FedEx remains the leader in overnight package delivery despite ongoing pursuit by larger organizations such as UPS and the U.S. Postal Service. Wal-Mart was the first discount retailer to use technology strategically to offer customers a product that they wanted at a price they could afford to pay. Strategic use of information technology can be a competitive advantage when it is well thought out, properly explained, and accepted by all of senior management, particularly the CEO.

How can the CEO assess the capabilities of his/her information technology business innovation? First and foremost, the CEO must fully define the company's strategic goals and examine the current information technology business environment to determine if a proper balance between routine tasks and innovation exists. If not, the CEO must make the necessary changes. Additionally, the CEO and the CIO or Chief Technology Officer must examine the current outsourcing agreements to determine if they augment the company's strategic goals. Inherent in all of this is the CEO's assessment of the company's information technology staff, especially the CIO or CTO. It is critical that the CEO determine if the necessary skills and aptitudes are present to lead an information technology business innovation effort that



Entrepreneurs Need a Sophisticated Approach to Information Technology

by Gene Kirby

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What is the role of information technology in an entrepreneurial private business? Entrepreneurial companies are faced with many challenges, including the ability to keep up with the many changes in the ever-growing information environment. Today both internal and external communication relies on a web presence, intranet connectivity, and fail-safe internet access. When the "friendly" email server goes down, chaos reigns and the typical emerging company does not have the luxury of a large technical staff to address problems quickly. The entrepreneur may be tempted to deal with the challenge personally, but business can be lost due to this diversion of management's time. The first priority of a savvy CEO should be to concentrate on growing the business. He/she should then focus on installing a reliable and well designed internal information technology network to support the flow of information for all decision-making.

How can information technology build success for small businesses? The CEO who recognizes the power of information technology can create an image for the company making it appear as big and powerful as the largest companies on the planet. A firm grasp of information technology can "level the playing field" against the strongest competitors on that important first impression. All businesses search the internet to review the capabilities of competitors, potential vendors, suppliers, or other business relationships. The private company using information technology strategically has a distinct ability to appear financially strong and leading-edge. Today, information technology used with imagination and clever marketing can become a tremendous sales tool in the CEO's decision-making process to get his company's message out to the marketplace.

Can the entrepreneur's information technology department have an effect on the company's sales? Today, nearly all product offerings have some element of software in their makeup. It is incumbent upon the entrepreneur to allay any fears of potential customers that hackers will break through firewalls to steal data, corrupt databases, or otherwise circumvent encryption standards of the entrepreneur's product. The CEO can allay these concerns with a sophisticated information technology staff that has designed the product to avoid hacker intrusion. This may be challenging if the



information technology department is focused more on

response than growth, but the CEO who

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conforms with and enhances the company’s strategic goals. If not, he/she must devise a mechanism to coach existing staff or recruit the necessary talent.

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recognizes the role the information technology department plays in the marketability of his/her product will be successful.

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About Compass Executives

Founded in 2006, Compass Executives is a Nashville-based group of seasoned, C-Level executives providing management consulting services, leadership mentoring and management advisory services to businesses throughout the southeast.

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