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Generating Business Value From Information Technology

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Four Principles for Driving Business Value from IT

- Establish clear IT investment priorities.
- Doggedly track costs and benefits with explicit metrics.
- Use IT to empower people.
- Specify accountabilities.
#1: Establish clear investment priorities

- Define your operating model
  - Specify core processes
  - Specify critical data

- Debate what to do first
  - Make sure each deliverable has benefits
  - But design each deliverable with longer term objectives in mind
#2: Doggedly track costs and benefits with explicit metrics

- **Understand IT costs**
  - On average, 71% of IT spending goes to running existing systems.
  - That 71% should run like a factory delivering multiple products with associated costs/prices.
  - Know what you're getting for your money.

- **Provide explicit metrics for every project**
  - The debate about metrics clarifies objectives
  - Metrics need not be financial
  - Persistent follow-up drives additional value
#3: Use IT to empower people

- To be of value, new systems must involve organizational change. Plan the change.
- Data does not empower people, but it is a prerequisite to empowerment.
- The goal is to empower people on very specific decision criteria.
#4: Specify accountabilities

- Cherish organizational tensions.
- Accountable people are responsible for fixing what's broken.