# How I.T. Projects Are Selected Needs To Change, But How?

by
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In IT governance is killing innovation Andrew Horne and Brian Foster argue that IT project selection needs to move beyond traditional capital investment based ROI measures. The authors think it more appropriate to take into account project support for critical business capabilities and that such a focus will be much more supportive of innovation.

One thing the authors support is making sure that business executives articulate to the CIO and the IT department what corporate capabilities they really need strengthened. Then it is the CIO's job to figure out how to strengthen these capabilities in ways that reflect real corporate priorities.

Ideally, this process will be carried out collaboratively by the CIO working with enterprise leadership. Also important will be recognition by all sides of the need to support both the "basics" of IT (e.g., hardware, software, networking, communications, etc.) as well as the collaboration, knowledge sharing, and flexibility needed for innovation.

As commenters on the article point out, important concepts like "innovation" and "governance" are not easily defined. Innovation, for example, is difficult to plan. As I've noted elsewhere, innovation and creativity are not the same thing. Plus, there's clearly more to IT governance than project selection.

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Clearly the CIO needs to understand not only how the business operates but also how IT can contribute to strengthened decision-making around important goals, objectives, and capabilities. The business also needs to understand that there's more to IT than electronic plumbing and infrastructure.

To effectively support innovation IT and the business must also support the realtime and sometimes random sharing of information within groups large and small as facilitated by enterprise adoption of social networking and collaboration tools and processes. There needs to be an understanding that breaking down artificial barriers and enabling communication has to be a priority, no matter what the target process or priority might be.

To help accomplish this there are skills the CIO needs to have that go beyond ROI based project selection.

1. First, the CIO needs to know how to work with his or her peers to assess what the important capabilities are the business needs to have in order to survive and prosper. In return the business needs to be willing to make the effort to share this information. Understanding "what the business needs" is the key. One reality is that what the business "needs" is not always the same as what business people say they "want." This distinction impacts how requirements for IT projects are defined. There are a variety of tools and techniques available for defining requirements, starting with good interviewing and research skills build on a solid conceptual or functional model of real-world corporate decision-making. Another important question is, even when the CIO and the IT department know how to do such requirements gathering, will they also be empowered to operate — and be evaluated — at such a strategic level?
2. Second, once IT projects are defined and initiated, the organization needs a way to measure and continuously monitor how these initiatives impact the organization's strategic capabilities. This takes time and money. Since it is likely that a major focus of some initiatives will be on information, knowledge sharing, and collaboration, defining what metrics to track may differ from traditional cost, profit, and loss measures. This can lead to development of metrics that address the manner in which collaboration activities improve organizational effectiveness. Also, it's important to distinguish between (1) making collaboration more efficient and (2) making sure that collaboration contributes to making important improvements. As with many measurement exercises, practical distinctions will also be made between (1) data on innovation-promoting collaboration and information sharing that are gathered as byproducts of existing system usage, and (2) data gathered via surveys, systems, or processes that are specifically dedicated to targeted data-gathering. (I generally lean toward the latter approach but I'm also aware of the costs involved.)
3. Third, it may not be wise to tightly couple the processes involved in "governance" together with the processes involved in "innovation." Innovation as a process is a challenge to control. I'm a believer in the role serendipity plays in generating novel

solutions to problems. Supporting the work of knowledge workers is different from automating support for repetitive tasks where operations are predefined or bounded by policy or regulation. The business needs to understand such distinctions and their implications for selecting and promoting effective and successful IT initiatives that help — and not hinder — useful innovation. Also, innovation is not an end in itself. Those who promote it are justified in asking whether innovation — even when aided and abetted by effectively targeted IT initiatives — does, in fact, contribute to improved corporate performance.