

133 Cromwell Lane
West Chester, PA 19380
610.429.3122
www.ladenterprises.com
info@ladenterprises.com

More than ever Businesses today need to Connect the Dots.

Today's businesses are in a constant state of change. Globalization, emerging markets, generational cultural differences and demands for flexibility are just of a few of the changes impacting how we work. For many the world is getting smaller. Competition is no longer the business next door or in the next county.

Information Technology (IT) services and solutions have also changed. Today IT is much more than setting up network servers and workstations. Just like the telephone changed how businesses communicated, so have the internet and other network technologies. Strong, stable and robust network infrastructures are a necessity. They need to be working properly and be reliable.



The challenge is today companies need to go a step further. They need to **connect the dots** –business goals, people, processes, software/data, and hardware – and integrate information technology into the business.

LAD Enterprises works with our clients to **connect the dots**. We work to understand what is important to them – what they need to be successful and how information technology impacts their core business. This newsletter contains a few case studies to help businesses think about **connecting the dots** – think about how **IT is a Strategic Asset**.

Laura Dallas Burford

Dave Burford

Inside this issue:

CONNECT THE DOTS	1
INFORMATION TECHNOLOGY IS ?	2
IT AS A STRATEGIC ASSET—CASE STUDIES	2
AETNA TURNAROUND	2
STARTUP BUSINESS RE-ALIGNMENT	3
SERVICES	4

Information Technology is?

- **Strategic** assisting with entering a new market,
- **Informational** by providing management with reporting and business intelligence,
- **Transactional** by automating business eliminating duplication of efforts, and
- The **Foundation or Infrastructure** that supports the above and provides the shared IT services. This includes the shared business applications, servers, workstations, etc.

IT as a Strategic Asset – Case Studies

I realize most people reading this newsletter are small and midsize businesses, so why did I provide a case study on a large business as well as two startup businesses?

The size of the business does not matter. Nor does it matter how long you have been in business. How you approach Information Technology is an attitude; a philosophy. Is IT a strategic asset or a liability? Do you align your business processes and Information Technology needs with the overall strategy and goals of your organization?

AETNA TURNAROUND – A CASE STUDY

**“Train the company how to think about problems.
It gives you the context for making choices”**

Ronald A. Williams, CEO Aetna

In 2001, Aetna had losses of \$280 million. By 2007, Aetna reported revenues of \$27.6 billion. The turnaround was due to Ronald A. Williams, CEO emphasizing:

- Employees and Customers,
- Information Technology and Fact Based Decisions, and
- Basic Values.

Ron Williams and the management team started looking at IT as a strategic asset and not a strategic liability. Application systems and business processes were refocused to support the needs of customers. Information was provided to management to make better business decisions. The culture was changed so that employees and customers became part of the solution.

For more on the Aetna turnaround checkout:

MIT October 9, 2008 video on **Leading Change: A Conversation with Ron Williams**, <http://mitworld.mit.edu/video/614> Ronald A. Williams discusses how an emphasis on new technology and application of basic values helped turn around the health care giant Aetna.

2006 whitepaper from MIT, **Turnaround at Aetna: The IT Factor**, <http://web.mit.edu/cisr/working%20papers/cisrwp362.pdf>

STARTUP BUSINESS RE-ALIGNMENT— A CASE STUDY

(Two different but similar start-up businesses. Examples are based on real life business experiences.)

Let us look at two different service oriented startup businesses — **Business 1** and **Business 2**. Each realized during their first six months of operation that they had some operational challenges; they were not operating efficiently and effectively. Change was needed but what?

Challenges they were dealing with included:

- Client service satisfaction that was good, not great.
- Revenue was not promptly being received, and
- Staff turnover was high.

Both owners felt if payments were received faster, service offerings could be expanded increasing client satisfaction.

When the businesses started both:

- Created business plans with target metrics, sales and marketing plans, and hiring goals based on growth projections.
- Obtained financing.
- Hired staff.
- Created marketing material.
- Purchased software and workstations.

Neither had created an information technology plan or thought about how software, hardware and data needed to support their individual business. Both considered software and hardware as an expense – a liability.

The differences between **Business 1** and **Business 2** start here.

Business 1 -- After a review of the business processes, software and hardware, a number of operational changes were identified. The payment difficulties were a symptom of a number of startup decisions such as:

- Proprietary industry software had been purchased that had limited functionality and was not compatible with Microsoft Office. Instead of an integrated solution that enabled clients or other third parties to be automatically invoiced, a file needed to be extracted and sent to a third party for processing. Additionally there was no integration with the Accounting package.
- Since the software had limited functionality, Excel spreadsheets and Access databases were created to provide necessary data to measure and run the business.
- Workstations had been purchased that met the minimum requirements of industry software, but did not adequately support other software needs resulting in the workstations being slow.

Staff had become frustrated with the software, hardware and amount of redundant work necessary.

To “fix” the owner’s operational problems:

- A three-year information technology plan was created. The business plan and necessary

(Continued from page 3)

business processes drove the plan.

- New industry software was selected based on the business processes, data and information requirements, and staff needs.
- New hardware was purchased based on the software requirements as well as anticipated future software needs.

It is important to note that although the owner was not pleased, money was found for the necessary changes to business processes, software, and hardware. The business has grown each year as well as expanded service offerings. The information technology plan is updated annually.

Business 2 – Again, a review of how the business was operating as well as software and hardware resulted in a number of recommendations. Some of the start-up decisions were:

- Industry software was purchased but it was at the end of its lifecycle and some necessary business functionality was missing. Interface modules for credit cards, the accounting package, and third party ordering systems were not purchased.
- Numerous Excel spreadsheets were created so that data could be rekeyed. Daily information necessary to run the business was not available.
- Workstations had been purchased that did not meet the minimum requirements for the software package causing the workstations to periodically “hang” and corrupting the database.

Again, Staff had become frustrated with the software, hardware, and amount of redundant work necessary.

To “fix” the owner’s operational problems:

- Additional memory was added to the workstations.
- Cabling changes were made so that credit card equipment could be used.
- An information technology “budget” was created.

The owner did not want to spend more money on new Information Technology until a certain revenue number was achieved or the hardware wore out.

Within a year, a **CLOSED** sign was on the front door. Please note I cannot guarantee that changing the software and hardware would have prevented the owner from closing the doors, but I am sure it would have increased efficiency and effectiveness.

Could the owners have avoided their startup mistakes?

Yes

When the original business plans were created neither owner knew how to align Information Technology to their Overall Strategy and Goals. It was not until there were difficulties that each realized how **Strategic Information Technology was to business** — new initiatives, business intelligence, eliminating duplication, and providing the foundation for much of the business’ operations.

Checkout our whitepaper on **View Of Information Technology’s Relationship to Business**

[http://www.ladenterprizes.com/pdf/View IT Relation Business.pdf](http://www.ladenterprizes.com/pdf/View_IT_Relation_Business.pdf)

OUR SERVICES

INFORMATION TECHNOLOGY CONSULTATIVE SERVICES

NETWORK ENGINEERING

Phone: 610-429-3122

For More Information
E-mail: info@ladenterprizes.com

Website: www.ladenterprizes.com

*Your Business
Technology Advisors*