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Turf battles trip up IS projects

News Story by Jane Griffin

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At a recent luncheon with a Fortune 50 chief information officer, I commented that IS funding seems to be misplaced in many companies. The technology dollars are squirreled away in the various business departments, such as finance and marketing, making it hard to pool resources for common business goals.

The CIO agreed. His salad fork painted a vivid picture in the air as he explained how departmental turf battles in his own company led to some unwise investments and squandered opportunities.

For example, he described one department's purchase of an expensive system that was soon shelved. Instead of contacting other departments in the corporation that could use the equipment, the department locked the system in a closet, hoarding a corporate asset.

For this CIO and many others, IS funding is controlled departmentally, and that control is closely guarded. People in charge of large sums of money often exhibit aberrant behavior. Some hoard it. Others spend it foolishly, never considering a long-term strategy.

Yet many of today's most pressing technology investments from data warehousing to wide-area networks are horizontal and enterprisewide in nature. These IS infrastructure investments require collaboration among the business departments that control pockets of IS dollars.

Getting that collaboration is difficult and time-consuming, especially when departmental rivalries get in the way. It may take years longer than necessary to build the needed infrastructure or a competition-beating strategic system if it ever gets done at all.

Politics get in the way

IS departments have been beaten up for years for not delivering business value. But sometimes they are impeded by corporate structure, politics and budgets.

When someone comes along and says, ``We need a corporate data warehouse,'' the response is, ``Good idea, but who is going to pay for it?'' Wide-ranging infrastructure projects are too expensive for any one department to fund, so the challenge is to get all of the affected departments to chip in.

Often, the first department that offers to help fund the project is asked to spend more than its fair share, so not surprisingly it balks. Then it has to sell the marketing, finance and other departments on the project's merits to share the financial load.

This fragmentation of technology budgets is one downside of the sometimes-fashionable trend toward decentralized IS.

The obvious solution is a centrally controlled IS budget at least for the techno-infrastructure and a commitment to cross-functional teaming. Actually, if everyone comes to the table ready to collaborate, you don't need to consolidate IS budgets. But if the departments aren't willing to chip in, then there must be a CEO-level command to pool resources.

Of course, even centralized IS budgets can be spent unwisely if the IS department makes purely technology-based decisions and ignores business needs. Last year, for example, a large corporation budgeted $50 million to transfer its worn-out, stovepipe systems to a client/server architecture, without business process re-engineering or consideration of the ``future state'' business model.

It may be easier to bury ourselves in a bundle of technology than to immerse ourselves in a partnership to embrace real change, but the battle to invest wisely in technology must be fought and won.

This isn't so much a battle over what to spend and who should spend it as it is a battle against fear fear of losing control, the unknown and the consequences of putting the organization's needs first.