A COO'S GUIDE FOR OPTIMIZING YOUR BUSINESS WITH IT

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Every business is a technology company. No matter your industry, vertical, area of expertise, location, or the company's age, every business must have technology in place, not only to operate but also to achieve growth and scalability.

Yet, many businesses fail to see IT for what it is: a key success driver. This is usually because leaders do not know how to leverage IT effectively to drive strategy and outcomes. This guide will show you how.

A COO's primary responsibility is to optimize the operations of an organization. There is no doubt that IT is a big part of any organization's operational success. One common misstep in IT oversight is trying to do too much at once. To avoid this, a COO needs to identify the right areas to focus on first. While it is entirely possible to achieve success in multiple areas (like performance and risk management) at the same time by executing specific projects or initiatives. However, knowing what areas need to be addressed first allows you to prioritize effectively so you can facilitate an overarching strategic plan.

The six most important areas of focus are broken down as follows:

- Risk management
- Culture
- Productivity
- Optimization
- Expense management
- Strategic value contribution

Risk Management
(Trust and Verify)

In years past, the most valuable assets within a business (other than great people) were physical: a building, inventory, raw material, equipment, etc. For some businesses, that is still true. However, for most, the highest value assets are intellectual property (IP) and the data the company possesses. This can include customers lists, accounts receivable, plans, documents, templates, custom software, and much more.

Because of this, every business needs to have a meaningful and robust business continuity plan (BCP). This *article* identifies the functions and capabilities of a good BCP.

Additionally, risk management includes a robust security plan and the right cyber liability insurance policy. As COO, you don't need to know all the geeky details about how a cyber defense plan should be designed and managed, but you do need to have a mature plan that is reviewed quarterly, as well as security reports that are reviewed by the ownership or board of directors. Any major security decision should be made at the board/owner level. One of the fastest ways for a business leader to be excused from service is because of a major data breach. Therefore, the budget, choices, and oversight should rise beyond the c-suite to include the board or ownership.

As a part of this plan, assessments need to be performed regularly to ensure that any vulnerabilities discovered have a remediation plan. If you have a good managed service provider or even a managed services security provider, your agreement should include these. Cyber threats are becoming a greater risk than worker's compensation, traditional liability, E&O, or D&O. It is important to ensure the right cyber policies are in place, following the right design and oversight processes. Limits and coverage will vary based on your organization's size (revenue), vertical industry, technology dependencies, and transaction types (checks, credit cards, etc.).

Recoverability, security reports, spam reports, and update management should all be verified regularly. Again, every aspect of a BCP and security plan requires c-suite oversight to ensure it is working as expected and that the senior leaders in the organization are comfortable with the outcomes.

The Culture Around IT

Many businesses have a love/hate relationship with IT. They love it "when it works" and hate the problems and impact it can have when it doesn't. For this reason, it is 100% imperative that the IT support structure knows that its mandate is to serve the organization.

Innovation starts at the top of every organization, not in IT. There are certainly ways IT can contribute and even lead, but IT's primary focus is one of service, to constantly drive productivity and efficiency. If getting support or engaging with an IT resource is complicated, frustrating, or intimidating, your people will start to ignore IT. For instance, they may neglect things like security training, or fail to bring a problem to attention because they don't feel it is "worth the hassle." If the avoided issue affects productivity, security, or data, not bringing it to light may hurt the organization. IT support should be engaging, eager to help, and a resource people enjoy getting assistance from when there is a problem.

Within JMARK, we train our team using the concept of "grandma service," meaning you treat your customer like you would treat your grandma. You would never talk down to her, you'd never expect her to know everything about IT, and you'd always be gracious and respectful. Framing IT support around this methodology really helps IT professionals develop the demeanor they need to embody in the delivery of service.

In addition, you need to see CSAT (customer satisfaction) data from your users and do an annual survey to ensure IT is inviting, not off-putting. Making sure your team feels supported by IT will result in your organization operating much more effectively.

Productivity

Ultimately, the purpose of IT is to help people perform more effectively. "Effective performance" will mean something different for every organization; it is also hard to measure and challenging to constantly improve, but that is exactly what should happen. Here's how:

❶ Identify the key systems required to run the business and assign a system owner to each. One person can serve as a system owner for more than one application or system. This person is responsible for knowing the system and its capabilities, managing updates and upgrade processes, and reviewing the application's release notes to ensure the organization can leverage the full capabilities of the solution. Most businesses only use about 30% of the capabilities of a piece of software, so to ensure your investment is fully realized, an owner can learn the needs, workflows, and skills of the team and translate that to fuller utilization of the software.

❷ Develop standard operating procedures (SOPs). In most applications, the same types of things can be accomplished more than one way. However, different methods may result in slightly—or very—different outcomes. By developing the right SOPs and documentation, you can ensure every user is doing the same things in the same manner. This makes your entire environment consistent, repeatable, and scalable.

❸ **Train your users regularly.** Most organizations train people on new software when it is launched or during employee onboarding but don't do much else in the way of training beyond that. This leads to disparities in utilization and the underperformance of software solutions. With system owners and SOPs in place, the system owner can put together training and refresher courses using resources from the vendor or a subject matter expert. Software companies are constantly adding to the value of a solution. With intentional training, you can take full advantage of updates, upgrades, and enhancements.

❹ **Note repeatable processes.** Every organization repeats key tasks within a given piece of software on a regular basis. These tasks or processes should be noted, measured, and optimized (see below).

❺ **Manage the lifecycle of your environment.** All software updates assume you are running on systems (workstations, servers, and network infrastructure) that are within three or four years of age. If you let your environment age beyond that, you will begin to have performance issues, errors, and even failures.

Optimization

When you have the above steps taken care of, it's time to optimize. This is done through monitoring, improving, and verifying.

Identifying processes that are commonly repeated is a great way to start. By trimming two, five, or even ten minutes off tasks—or even fully automating them—you can get more done with fewer steps and fewer people. Tasks that are good candidates for optimization include new customer setup, order entry, document creation, spreadsheet creation, presentation creation, shipping, status updates, and other repeatable computerized actions. Using automation, templates, and checklists can dramatically speed up the time and quality of work performed.

Beyond workflows and task steps, ensuring your system is running correctly makes a huge difference. This isn't just making sure you have current hardware but also includes making sure hardware and software are correctly configured. Going through vendor requirements and best practices will help to ensure the reduction of error in an environment.

It's also helpful to standardize your environment. When a single network has many different types of computers and servers, it becomes much more difficult for IT to resolve issues quickly as well as optimize the environment. This doesn't necessarily mean replacing all systems at once so they are exactly the same, but it does mean using the same brand and model so that updates are easier and documentation aligns through the environment. This also helps ensure that testing updates and changes to the network will be more consistent throughout the environment so that when changes are made, the outcomes are expected.

Expense Management

Knowing the numbers in IT isn't easy because of massive disparities in industries and verticals when it comes to regulatory requirements, application utilization, automation opportunities, storage needs, and so many other factors. However, there are benchmarks that can help organizations know what their best-in-class IT spend should be. We have a corresponding *article* here that goes into detail about what percent of a budget should be spent on IT. In addition, we provide even more customized information for our clients based on analysis of their usage, corporate goals, and budget.

For now, what you need to know is that overspending is a waste, and underspending will create significant risks because of aging systems, cut corners, security, and backup/restoration limitations, as well as the long-term likelihood of falling behind your industry standards and missing out on innovation.

The average business will spend between 2% and 6% of their operating budget on IT. This varies based on the ratio of computer users to non-computer users, number of locations, number of core applications, compliance requirements, and the size of the business. It's wrong to assume that IT will get less expensive with scale. In fact, the opposite is true. As a business grows, it requires more applications to function. For example, when a business is small and starting out, it may not have separate departments for different functions, such as marketing, and may only run a simple accounting solution. Then, as the business grows, a more sophisticated accounting solution may be needed, a client relationship management software may be required, and a marketing department with its own set of application needs may be added. This type of internal expansion repeats itself over and over as a business grows, driving the overall cost of IT higher.

Additionally, companies that fall behind with IT accumulate what we call "technology debt." Like a credit card, eventually an organization will be forced to pay up on that debt, and often with interest of some kind. In the end, the total spend on technology will balance out to the percentages above. However, companies with technology debt have many more issues with people and performance along the way. Not to mention a great deal of exposure to security and business continuity threats.

Strategic Value Contribution

IT should be a major contributor toward the strategic initiatives within an organization and should also add to the value of the business. This is done by optimizing, managing expense, and focusing on productivity, as mentioned above. It's also done by making sure that the primary initiatives in the business are properly supported and intentionally designed. Here are a few examples of how IT can and should contribute to the value of an organization:

Strategic Initiative	IT Responsibility/Contribution
Improving customer service	This is a major area where IT can shine, via communication channels such as ticketing systems, email, phone system routing, online tools for support or feedback, and more.
Expansion to a new location	IT will need to be involved early on for a new location to succeed. In fact, IT should be one of the first to know about expansion plans, so any investments made in IT can align with the multi-location strategy in mind. IT is constantly working on projects, updates, lifecycle, upgrades, and more. If any of these are made without knowing long-term plans, it can result in significant investments not being done properly.

Strategic Initiative	IT Responsibility/Contribution
Acquisition	IT's role during an acquisition is massive. Before an acquisition is completed, IT should be involved with integrating systems, aligning resources, and developing new standards and best practices in all of these. If the acquired company has massive technology debt, the acquiring organization could end up spending a great deal more than planned to bring the two companies together.
Accelerating the growth of the organization	Growth effectively means more customers, more sales, increased revenue, etc. IT can help a sales team be more effective in the field, make it easier to produce work or proposals, develop workflows for digital signatures, create automated processes to get referrals from existing clients, help the marketing team promote positive feedback online, and much more.
Improving the culture of a company	Good people want to be able to do their work without major impediments from the tools they use, and IT controls that experience. By understanding workflows and challenges and opportunities for improvement, IT can substantially help with culture so that people aren't focused on an environment's issues but can focus on performing their responsibilities well. Additionally, uniting people in virtual collaboration and communication (especially in a hybrid work environment) is the responsibility of IT. There are more and more solutions like Workplace from Meta that bring organizations together effectively. By creating a good experience, IT can help encourage teamwork and comradery.

Strategic Initiative	IT Responsibility/Contribution
Improving communication	Every organization uses IT to communicate in some form, such as email, chat, voice, video, or collaboration solutions. Good IT makes communication more effective. Additionally, JMARK recommends developing a communications code of conduct so users know how to use each communication platform and what to expect from their coworkers with regards to response times and communication practices.
Improving gross margins in the business	This is one of the areas where IT can make the biggest difference. In fact, with the right leadership, strategy, and buy-in from key stakeholders, IT can improve gross margins by 2-10%. The traditional answer in business is to "throw people at problems" when it should often be to "start with IT."

As you can see, every business initiative benefits from IT. These are just a few ways IT can contribute strategic value. By leveraging resources properly, your business's strategic priorities and value can be substantially improved.

Conclusion

From a c-suite perspective, IT has hundreds or even thousands of moving pieces that you do not need to know. However, by focusing on the key components above, you can substantially improve IT's impact and success. This is not an area to delegate. By asking the right questions, creating accountability, and driving collaboration, you can help ensure IT drives massive value into the culture and financial outcomes of your business.

If you'd like to discuss the specific needs of your business and learn how JMARK can help you optimize your technology based on your goals and workflows, contact us here and let's talk.