Keeping up with the Joneses
By:Neil Holm

Develop a technology strategy (short and long term) that fits your operational needs and is within your financial means that addresses not only the asset cost (hardware and software) but also the total cost of ownership.

Have you ever heard of the saying keeping up with the Joneses? They are the nice well-to-do family who we all secretly admire and are somewhat jealous of because of their nice house, car and other worldly possessions. In the business sense, when the Joneses went out and bought the latest and greatest Widget-2k2 we all said to ourselves, "I must have one, otherwise what will people think." Therefore, you go out and buy the Widget-2k2, but you strain your resources to do so.

So how does this analogy translate to information technology? The problem is that most of us are not like the Joneses so why should we spend far beyond our means in our endeavor to keep up with the well-to-do class? Instead of choosing to define ourselves solely by what technology we buy, we should define ourselves by how we:

• buy technology,
• define the rationale behind it, and
• determine the manner in which we use it

Hotel and restaurant operators have a strong sense of their business operations and spend a great deal of time planning, budgeting and executing their business strategy. Yet they still defer their information technology strategy to the most technical person onsite who could be their local IT person, someone from accounting or the young, studious dishwasher. "Hey computer whiz, I am putting together next year's operating budget and capital plan. Can you give me your technology wish list?" Sound familiar? The problem here is that if it were solely up to the computer whiz, your information technology would rival that of NASA, which is great if you are launching the Space Shuttle but overkill for the hospitality industry.

The acquisition of technology is not a technical decision, it is a business decision. The same rationale in determining how to enhance customer service, whether or not you should replace your china or renovate next year, should be used in determining how to spend your technology dollars.

Aligning Technology to Your Business Strategy

Technology is an enabler. If you are in constant break-fix mode then your technology will impede your business operation. To get to the point where technology is aligned to your business strategy, you first need a strategy for managing your technology. If you do not have an IT plan, then develop one that follows the framework of fix, optimize and look to the future.

The moment you purchase technology there is a cost associated with it known as the total cost of ownership (TCO). It includes the cost of the hardware, software and upgrades as well as the cost of the in-house staff and/or consultants that provide training and technical support.

1) Form an IT steering group comprised of key business decision makers and information technology experts. If you do not have the internal technical expertise, find external consulting resources who can assist you during this important planning process.

2) Determine what technology is broken and fix it immediately. Optimize your technology so that it is running at its peak efficiency, i.e. well trained users, application experts, daily backups, virus protection, scheduled technical support and scheduled file maintenance. Once your systems are optimized, you are able to mitigate the break-fix work as scheduled maintenance and minimize any significant downtime, which can affect your customer service and employee productivity.

3) With your systems optimized, you can look to the future and your long-term goals.

• What are your year one, year two and year three business objectives and does technology play a supporting or driving role in achieving these objectives?
• What are the expectations of your guests and customers?
• What technologies will enhance your operations?
• What are the emerging trends in your industry?

As you come up with ideas, each strategy needs to pass a litmus test. If your idea cannot meet one of the criteria below, you should question the viability of that initiative:

1. Increase revenues
2. Reduce costs
3. Enhance customer service
4. Increase employee productivity
5. Meet the objective of a larger strategic corporate plan

After you have determined a budget number for an idea and validated the viability of a strategy comes the most important part—funding the strategy. If your name is Jones, then spend, spend, spend. If it is not Jones, you weigh this initiative against all the initiatives within your budget and you make the determination of what is funded in year one, year two or year three. If your initiative has an ROI payback within 12 months, then that's an easy decision—do it.

A balanced approach is best. With a finite number of dollars at your disposal, hard decisions are made. New and sexy technology is great to see when I walk into a restaurant or hotel, but I equally appreciate sparkling silverware and a renovated guestroom.

So, we are not the Joneses, but with a good information technology strategy in hand, we can optimize our existing systems and ensure we run our businesses effectively.

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