

Aligning Business Goals to IT Excellence: United States SME Perspective

Summary:

Many small and medium enterprises (SME's) try to adopt IT to support their business. Due to their limited resources, SME's IT adoption is different from larger business. As the information backbone of the business, IT plays a critical role in helping the business gain a competitive advantage. Use of IT reduces risk and ensures growth and longevity. This white paper suggests various methods and strategies through which SME's in U.S. can achieve I.T. operational excellence in sync with their business goals.

The Flow of SME :

Costs are Imp.: Decide what is priority for your business

Reorganise the setup: Implement information management.

Develop the channels: Vendors, customers, service providers

Monitor & trouble shoot

Seek outside assistance and consultancy when appropriate

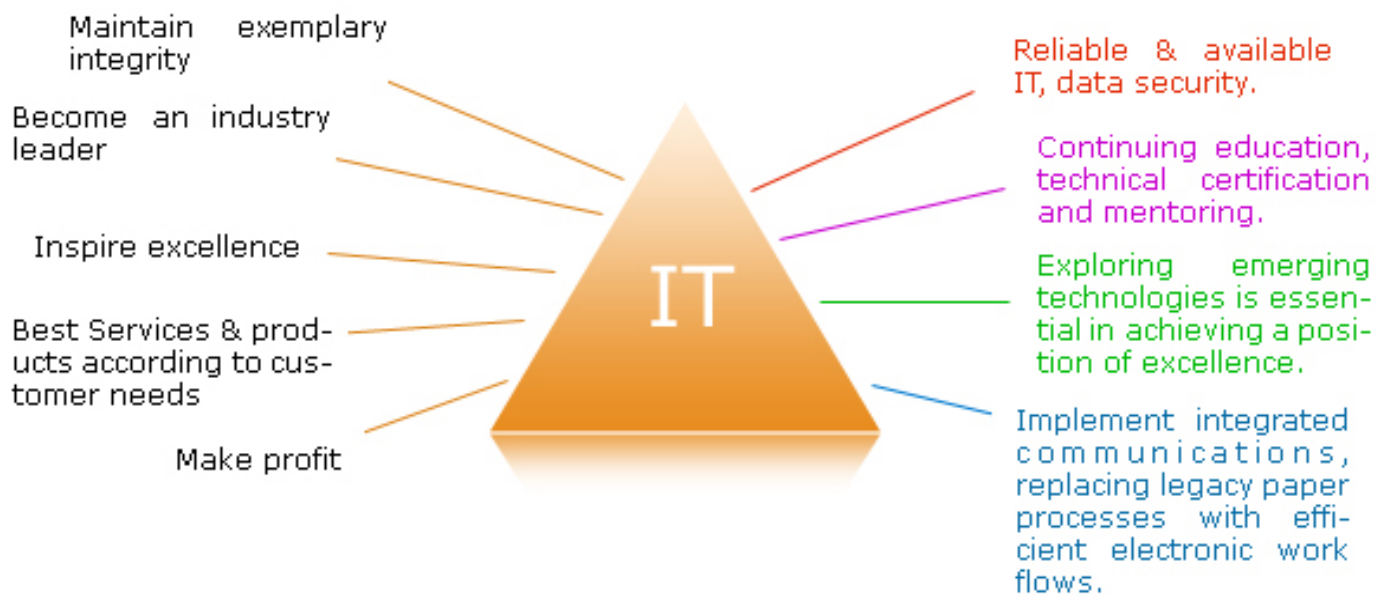
Review periodically and do cost-benefit analysis

Operational I.T. & Business Objectives - The Sync:

Having studied the business objectives, vision & mission statements of some U.S. based SME's it can be concluded that all of them have four core objectives (and a fifth latent and unstated 'hardcore' objective). The following graphical illustration shows how the business goals can be aligned with I.T. Excellence:

Business Goals

IT Concepts



Successful I.T. Implementations in S.M.E. Sector:

Following are some examples where SMB's have been able to exploit I.T. to achieve their business goals:

Restaurant owners use electronic dashboards to track inventories, orders. **1-800-Got junk** achieve huge volumes by using a software which pin-points customers location after a call for collection of junk. **Blue-balls manufacturing** used a 3-D cad software which achieved breakthroughs in jet prototyping. **Copugen**-med-sized systems integrator implemented e-procurement to link its inventory management systems to that of suppliers to achieve operational efficiency.

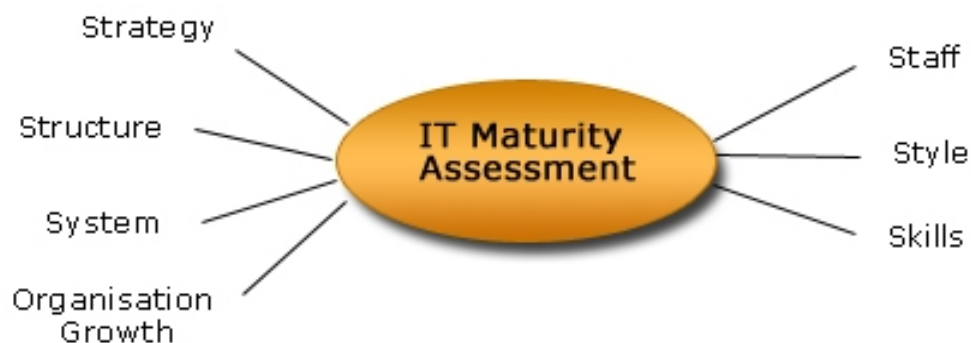
Soapstone artists launched its own website to offer popular carvings online to high-end customers.

The Statistics

1. 51% of IT professionals working in SMEs admit that their company has no formal IT strategy
2. Cost of IT resources is put forward by 76% as a reason for not deploying new IT.
3. A total of 60% of SME register a high level of concern about the threat posed by hackers and viruses and a further 32% express moderate concern.

Organization's IT maturity assessment:

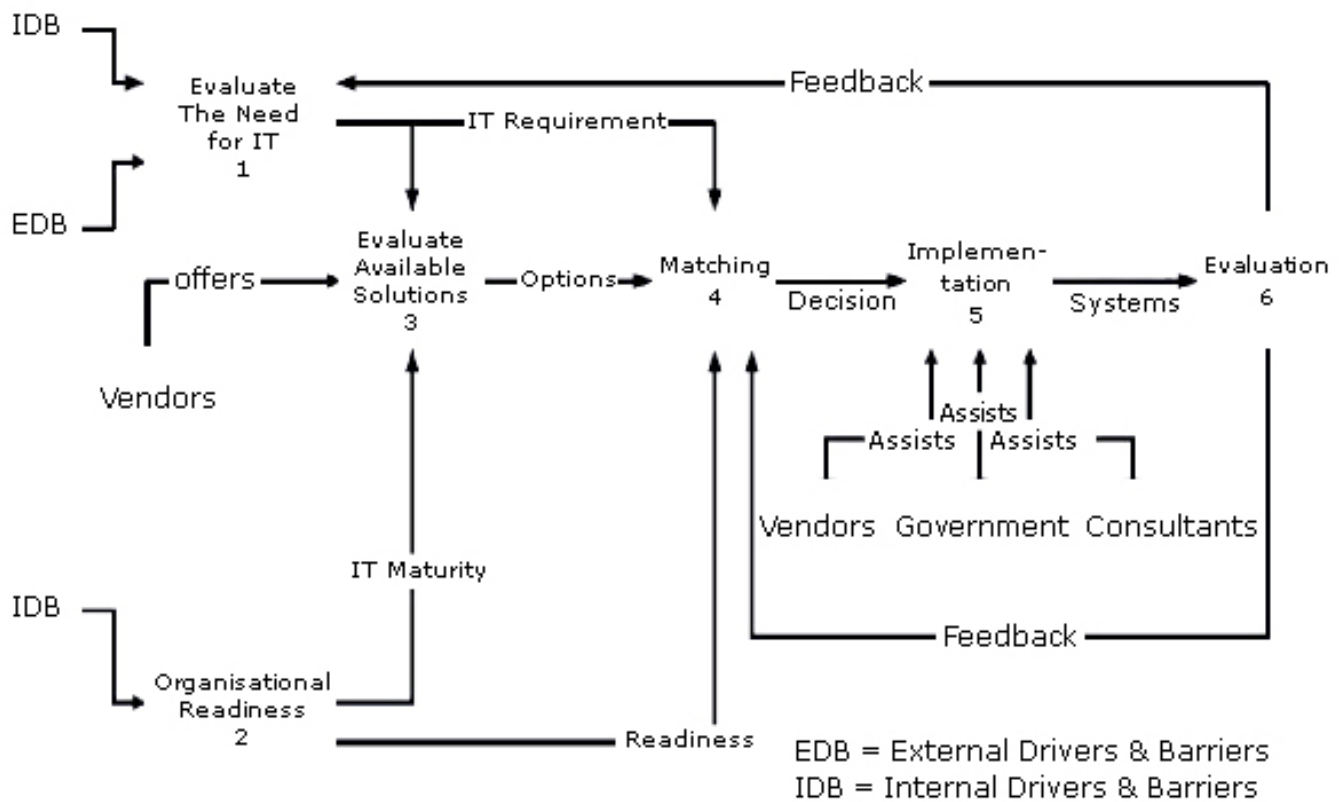
As already discussed, IT requirements of an SME are very different from large organizations. Hence, the dimensions need to be determined and analyzed. These dimensions are determined by certain parameters which are discussed below:



The SMB must decide its strategy viz: outsourcing IT operations, implementing large IT projects etc. It also needs to have a look at its structural configuration. The configuration can be a coalition between IT and other departments or treating them as separate entities. The human resource and corresponding skill sets are extremely important as they will determine the recruitment needs, the roles and responsibilities and the training expenses. By assessing the current organization's IT maturity and considering the desired IT features, SME's could determine the gap between what is the current condition and the desired condition. This will guide SME's in finding the appropriate solutions available in the market. SME's can ask external consultants to help them in assessing the IT maturity.

Methodology and Strategy:

SME's must consider what are the costs and benefit of using IT. SME's should find out what is the foreseeable impact of IT on their business, their customers and suppliers, as well as competitors. At the same time, SME's need to consider what kind of external assistance such as consultants, government agencies, and vendors available to help them in adopting IT. Last but not least, SME's need to consider compliance to the current government policies regarding the use of IT. Following diagram illustrates the methodology and strategy:



Internal drivers and barriers (IDB):

Owner and Manager: Owner/manager supports are vital for the success of IT implementation. The perceived benefit of IT could be a motivation for owner/manager to adopt IT, even for those who have limited IT knowledge and skills. On the other hand, limited knowledge of IT could be a barrier in adopting IT.

Resources: Financial resources can sometimes become a major impediment in adoption of IT. IT projects require large initial investment. Lack of funds may lead to a compromise in the IT endeavor which may result in a failure in the long run.

Employees: Employees are the users of IT within SME's and use IT on a regular basis. They need to be properly trained and counseled to adopt the change due to IT. Employees' acceptance will have positive impact toward IT.

External drivers and barriers (EDB):

Competitors: IT adoption decision would be influenced by the relative advantages gained by SME's compared to their competitors. In the examples discussed earlier it is quite clear that IT raises the business to a new level much above the competition and provides a distinct edge.

Suppliers and customers: The decision on what type of IT solution to adopt depends a lot on the suppliers and the customers. IT is more likely to improve services if the operations of the suppliers and the needs of the customers are taken into account.

Government: Government policies can be a crucial determinant for IT adoption strategy. Prevailing IT policies of the government should be studied and its effects on the strategy and plans should be analyzed.

External consultants: They provide expertise regarding IT adoption for SME's. Experience and expertise of the consultants would help the SME to take the right and economically viable decisions. This reduces the time frame in the implementation and the risk component.

Solutions:

Propose and budget IT investments to support business unit requirements. There is a need to plan and provision IT resources more accurately and develop persuasive business reasoning for proposed investments.

- **Outsource to Experts:** Employing IT solutions is not a major problem if the SME can identify what is required and pick an organization to provide the kind of support that helps to keep the business running smoothly. A rapid change is happening in the business environment. There is a move from the physical store to the virtual world along with the

applications and the platforms that goes with the transformation requiring complex IT solutions. Technological change is taking place at such a breathtaking speed that it would be wise to outsource computer business solutions than worry about updates. This will help reduce overhead costs, manage time and resources well, and then make more profit.

- Some of the must have solutions are : Enterprise Resource Planning (ERP), Event scheduling, Infrastructure management services, Logistics, Materials Requirements Planning (MRP), Payroll, Point of Sale (POS), Procurement, Professional Services Automation (PSA) and Security. The scale of adoption and functional requirements can be customized according to the requirements of the company.
- Increased connectivity & adoption of e-commerce supporting technologies will help improve and strengthen customer relationships. This will also enhance information availability, improve company image and level the playing field with large customers.
- Implement customized/OTC packages for inventory management & JIT production for successful development and management of supply chains.

Conclusion:

Before undertaking an IT project there are many questions that need to be answered. Does the application meet the current and future requirements? Will it be compatible with existing systems? What kind of software training and skill-sets will be required to operate the software effectively and efficiently? Of course, one of the most important questions when it comes to purchasing for a small business is: How much does it cost and what is the ROI that one can expect? As already discussed, external consultancy services will help gauge the requirements of the firm and provide answers to all the above listed questions.

SME's all over the world now recognize the importance of IT for their business. Many of them have realized rich dividends by adoption of IT in the form of better customer relations, smoother operations, decrease in overheads and increasing profits. Few examples illustrating the same have been listed in this white paper.

The 2011 budget provides \$994 million for the Small Business Administration (SBA), a \$170 million, or 21 percent, increase over the 2010 enacted level. This reflects the administration's strong support of small businesses, which play a vital role in the nation's economy. Post economic downturn, it is time for SMB's to identify growth opportunities and leverage IT as a partner in their quest for growth.

About vEmployee:

vEmployee is a leading IT Service provider based out of India. With services spanning over the technology value chain, vEmployee is a one stop shop for enterprise wide IT needs. With over a decade long experience in the industry, vEmployee has established itself as a trusted partner to various companies by providing timely project delivery coupled with high quality. Our parent organization Clarion Technologies is a SEI CMMi 3 level assessed company whose singular focus is on 'client satisfaction'.

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