

IT Agility and Adaptability

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What Keeps Me Up At Night?

- **Blockbuster Video**
 - **In 2002, stock at \$30. Today, \$5**
 - **In 2005, losses of \$600M (down from losses of \$1.2B in 2004) on revenue of \$5.8B**
 - **Market cap of \$900M, P/E of 16**

In the Meantime

● **Netflix**

- **Went public in 2002**
- **Stock price of \$28**
- **In 2005, earnings of \$42M on revenue of \$680M**
- **Market cap of \$1.6B, P/E of 28**

What Keeps Me Up At Night?

- While Blockbuster battled Hollywood Video and sorted out how to battle video-on-demand,
- Netflix introduced an entirely new model (pay a monthly fee, keep what you want as long as you want, send back to get new DVD's).
- This model seems to be making Blockbuster's model obsolete.
- **Who is trying to make my business model obsolete?**

How Can I Sleep?

- **As an organization:**

- **Be able to respond to market dynamics quickly (minimum).**
- **Be able to drive market dynamics (nirvana).**

- **As an IT organization:**

- **Be able to respond to changing external and internal customer needs (minimum).**
- **Be able to anticipate market dynamics (nirvana).**

What Must Be True?

- **Pick our battles**
- **Adaptability core competence**
- **Innovation core competence**
- **Minimize bureaucracy**
- **Use iterative methods**

Picking Our Battles

- **If we do not have unlimited resources (if you do, I want to work for you):**
 - Properly allocate innovation and resources.
 - Simplify “Parity” activities.

Starting Place

High	Partner	Innovate and Excel
Market Differentiating	Minimize	Streamline, Simplify, Standardize
Low	Low	High

Mission Critical

An Adaptability Core Competence

- **Find what needs to change**
 - **IT Six Sigma**
 - **Benchmarking**
 - **IT Network**
- **Lead the changes**
 - **Process changes**
 - **Behavior changes**

An Innovation Core Competence

- **Delegate accountability (conductor not konzertmeister)**
- **Don't accept monkeys ("What do you want me to do?")**
- **Reward results over methods**

Minimize Bureaucracy

- **Define value from the customer perspective**
- **“IT Lean” (value stream mapping, waste elimination)**
- **Assess flow to find and eliminate chokepoints (fluid dynamics)**

Use Iterative Methods

- **Design then build**
- **Design assuming “Future Perfect”**
- **Short project phases. Short project tasks.**

Summary

- Can I summarize my IT leadership role as building an adaptive, agile IT organization?
- At the 2004 MIT CIO Summit, 88% of the participants rated corporate agility as highly important. 72% said that IT was an enabler of corporate agility.
- Let's make sure IT is not "boxing in" the organization.