Making the Right IT Budget Cut

In times of economic uncertainty organizations have two fundamental choices: hunker down or strengthen their strategic positions. What is the winning strategy?

High performance businesses invest to strengthen their position through mergers and acquisitions, product innovation and market expansion—even in a downturn.   They support their efforts by strategically reducing costs to create cash flow. Rather than make arbitrary cost reductions, these winners develop cost management measures.

Those responsible for IT budgets can expect to receive mandates from senior executives to cut IT costs as part of an enterprise wide cost-cutting program.   Begin establishing ground rules for complying with a cost-cutting mandate, including such ideas:

- Take a long term view of your budget, cut strategically rather than tactically
- Prepare a steering committee consisting of your best and brightest people from business and IT
- Define collective view of your business focus, scope, competencies, capabilities, competition
- Think about your relationships with your suppliers, employees, and customers. What do you need to do to continue to win their favour.
- Based on above, adjust your business strategy
- Once business strategy is confirmed, then take a careful look at the IT capabilities that need to be in place to realize that strategy (do not create a wish list, focus on what is required). This will help re-evaluate and reposition IT activities for future
- Examine every activity and decide if you need it for operational success today or meet your company's vision in future. This will help you make a list of activities to drop or discontinue.
- Similarly, examine every position and every employee
- List of opportunities to redirect activities, terminate activities, develop employees, reassign or replace resources
- This list will help in necessary budget adjustments
- Establish bonus plan for successfully hitting cost cutting goals.
- Don't re-think past decisions. Focus on next steps and take appropriate action
- Keep management updated on progress
- Include Finance and Legal in your budget cut program

Questions:

- Are you involved in setting the direction for your company's IT budget or strategy?
- How is your organization dealing with IT budget cuts?
- Will you be following any cost cutting approach?

For More Information

For more information about ISHIR services and solutions, call +1 (888) 99-ISHIR (47447) or email info@ishir.com. To access information using the World Wide Web, go to: www.ishir.com and www.ishirdigital.com.