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Giving Diligence Its Due

As an IT community, we've co-invented a very complicated industry. With each new architecture and "must-do" technology, we're continuously challenging IT professionals to absorb and implement a dizzying array of technology solutions.

With the plethora of architectural blueprints and white papers to digest, IT executives often end up with indigestion. And to some extent, the need for vendors to design apparently complicated systems is due in part to the expected price point they hope to command. Add to this a healthy dose of historic distrust of the vendor community, and the combination has helped foster an evaluation process that has become a costly quagmire for all parties.

Here's where the labyrinth that is the IT industry decided to turn to one even more arcane, the legal industry, to borrow one of its processes—due diligence.

Vendors throughout the technology industry worldwide hear these words repeated every day. Offered as a prudent course of caution in the process of evaluating the suitability of a particular solution, the process is usually not well-defined and is often poorly executed. In many cases, it isn't defined at all, nor overseen by management. This frequently leads to expensive reviews that reach no actual conclusion and cost more cash than the target solution. The problem is rampant in organizations both large and small. In one case, a multi-billion dollar, multi-national corporation established teams of a half-dozen employees, who each spent more than four months in review, testing, evaluation, and cross-"matricing" of features, only to find that during that time, something material had changed internally that put the entire project "on the back burner." In this case, they had spent 24 man-months with the attendant salary and benefits, as well as loss of opportunity, yet the solution expertly fit their needs and cost only $60,000 to acquire.

How much diligence is really due? Have we lost the intestinal fortitude, or worse, authority, to simply act? The call here is for executives to take notice and implement steps to stop this wanton waste of time, money, and energy. CxOs must take note, and measure evaluation cost vs. acquisition and implementation cost, and ensure there's a proper return on that investment—the investment of diligence.

To be fair, the process is exacerbated by the level of complexity vendors attempt to offer. It's completely unnecessary. Imagine if you couldn't buy your favorite tomatoes at the grocery store, without first having to locate them, understand the different varieties offered, how they were grown, when they were purchased, how they interact with the other vegetables, and which meats, breads, and dairy products might complement (integrate) them. Chances are you'd leave the store empty handed and bewildered even though you bore the full cost of the effort. Exactly.

Today's nascent trend of implementing ERP-class solutions warrants extensive caution. Such investments often involve an initial cost of millions of dollars and take teams of dozens and periods of years to implement. Not to mention the revolutionary changes the software brings to the organization. These types of multi-million dollar investments certainly require appropriate thoroughness.

But this approach doesn't fit all. Sometimes it's just prudent to act. Failure to act is an act of failure. Executives must give employees the freedom and reasonable budget to exercise authority over the majority of acquisitions, which are much less costly or invasive, with a reasonable and defined approach to evaluate. The fault lies with the management team when everyone is too afraid to act.

Charles Wang built a three-person venture and a single sort product for DOS/VSE into a multi-billion dollar company that became Computer Associates (CA). I once heard Charles say, "In the same time that other companies are meeting to establish committees and starting to initiate the efforts to plan to think about considering potentially making a recommendation some time in the future, CA has started and ended three projects. What doesn't work, we figure out quickly and kill, and what does work drives us further." I've always thought this was keen insight.

To be sure, Charles' comments don't advocate ready-fire-aim thinking; rather, it's a recipe for action and for empowering your team to act and not be afraid to abandon an effort if it doesn't suit the needs. The team needs the power to act within guidelines, so projects can move at a multi-threaded pace instead of queuing behind single lines of authority.

Be duly diligent, but be practical. Let your team act. The economy as a whole will improve at a time when we need it most.

That Sums it up. ME

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