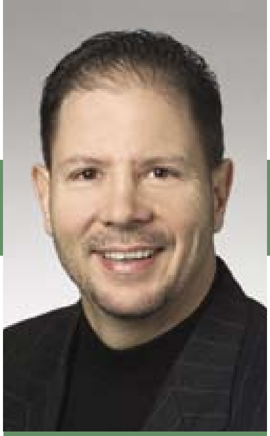
z/Bottom Line



ERIC L. VAUGHAN

Due Diligence or Analysis Paralysis?

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, decipher, and implement a dizzying array of technology solutions. From yesterday's SAA to today's SOA, the names and acronyms have changed, but the challenge hasn't—answering the question, "Could this be the panacea technology we've all been waiting for?"

No wonder. 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 of factors has helped to foster an evaluation process that has become a costly quagmire for all parties.

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

Due diligence: Vendors throughout the industry hear these words repeated every day throughout the world. 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 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 reviewing, testing, evaluating, and cross-"matricing" features, only to find that during that time, something material had changed internally, putting the entire review "on the back burner." In this case, they had spent 24 man-months with the attendant salary and benefits, and loss of opportunity—yet the solution fit their needs expertly and only cost $60,000 to acquire.

How much diligence is really due? When does it become a case of analysis paralysis? Looking inside the collective psyche of the industry, it's obvious why we've reached this point. But the call here is for executives to take notice and implement steps to stop this insane 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. They must also empower their staff to be able to take action without concern for recourse if their choice doesn't pan out.

To be fair, the process is exacerbated by the level of complexity that 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 read and comprehend the map of the store, understand the varieties of each of the tomatoes, 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) with the tomatoes? Chances are you'd simply leave the store empty-handed and bewildered after too much effort, even though you bore the full cost of the effort. Exactly.

To be sure, today's nascent trend of implementing ERP-class solutions warrants extensive caution. Such investments often involve an initial cost in the millions of dollars, take teams of dozens, and periods of years to implement. Not to mention the nature of turning the organization upside down in terms of change. 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 budget to exercise authority over the majority of acquisitions, which are much less costly or invasive, with a reasonable and defined approach to evaluate. Everyone is too afraid to act! This fault lies with the management team.

Charles Wang built a three-person venture, starting with a single sort product for DOS/VSE, into a multi-billion dollar company that became Computer Associates and one of the largest software companies in the world. Charles once remarked: "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 drives us further." I have 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.

And that's z/Bottom Line.

About the Author

Eric L. Vaughan is president and CEO of illustro Systems International, LLC. He has more than 20 years of experience in the IT industry and is leading illustro in its focus on helping IT executives extend and enhance their existing investments.
Voice: 214-800-8900 • e-Mail: evaughan@illustro.com