Management Consulting

Business Planning

A process for Dynamic Strategic Planning in IT Services

A dynamic, customer-centric, and growth oriented strategic planning process will benefit IT services companies as small as $10m in revenue, along with mid-sized and large companies.

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Strategic Planning, especially in the IT services industry, is often seen as something that large companies ($50M+ in revenues) would need to have in place. It is a common belief that companies less than this revenue size could have a quick ‘business plan’ exercise annually instead of something elaborate like ‘strategic planning’.

However, a dynamic, customer-centric, and growth oriented strategic planning process may benefit IT services companies as small as $10M in revenue. This is because such a process forces the discipline to analyze the market environment, changing customer needs, and the offering portfolio.

Below is a general outline of such a process:

The process should start by **analyzing customers**. During the course of the year, a company is collecting customer data and feedback formally and informally in many ways. This step should collate feedback from existing and new customers: their formal inputs in meetings, surveys, anecdotes, social interactions, and so on. The above should be combined with the organization’s own inputs about customers from sales, business development, customer success, and delivery teams.

An **open-ended technology trends analysis** is key to drive offering concepts in IT services. This should include which technologies are where on the hype curve, what are the technology stacks that are dominant horizontally and within industry verticals and how are technologies being integrated in interesting ways to deliver new solutions and value. Part of the input here will be market research reports, but it should be combined with interviews of engineering, delivery and R&D teams as well as bottom-up analysis by a trends analysis team.

Global IT services is an extremely crowded and competitive arena. **Competitive analysis** should include defining a set of competitors, understanding their offerings/customers/projects, and mapping/ranking them using relevant parameters. The organization will benefit from keeping an up to date and detailed competitor database and track their moves using a 360^0 approach through the year (which means their branding, marketing and sales moves, their recruiting efforts, compensation practices, partnerships and alliances, geographic distribution of their supply chain and customer base, and all other strategic and operational steps).

This should be followed by a **performance review of the various industry lines and delivery teams** within the company over the last 12 months and discussing learnings. This essentially leads us to understand strengths, weaknesses, and capability gaps, and bridging them.

Each industry line and major delivery team, should then embark on an exercise for **assessment of focus areas and core competencies** based on above, driven by collective brainstorming by members withing that team. One way to do this would be to **divide the offerings along the following buckets**:

- current focus and continue to offer (but this is how we propose to do it better)
- current focus but phase out (list reasons why we want to get out)
- new offering: need to focus on an immediate basis (objective is to bill revenue in next 6-12 months)
- new offering: need to focus on a long term basis (objective is to bill revenue in next 12¬36 months)
- an offering recognized as a need in it's industry, but recommended not to be our focus at this point, with supported rationale

Financial insights of revenue and profit contribution of each offering will also play a key role.

The next exercise would be to **define "detail'** based on findings from above. E.g. From above analysis we may come up with a new service offering, but we may need to sharpen and describe accurately what it means in our context of existing customers or those in the business development pipeline. Or, we may recommend that all tech/delivery team members need to undergo some kind of architecture training or design training, so this is where we outline the details of such tasks.

Based on the above, the team could create a **vision document or blueprint** for the various industry lines and delivery teams which is kind of a lighthouse for everything they would do over the next 12 months.

Finally, the teams would develop an actual **business plan** for each industry line or delivery team: projection of revenue growth, resources, capabilities build-up, and investments needed over the next 3 years. This would be a "rolling forecast".

The process defined above is repeatable every 6 or 12 months. We recommend a detailed iteration every 12 months, but a quick "course correction" iteration every 3-4 months. This process has the benefits of being customer-centric, market-responsive, and being “owned” by the constituent teams.

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