

## The Cost of Making a Good Decision

*When it comes to making technology decisions around budget time, association executives must realize a simple lesson: Spending a little more upfront than you might be "comfortable" with on technology might actually be cheaper in the long run. The alternative? Pinch pennies as you watch dollars fly out the window due to technology inefficiencies and poor tech budgeting.*

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It can be a tough sell for a technology strategy consultant: "We think you should start sooner, take longer, and spend money now to facilitate your spending more money later." That advice doesn't often meet with resounding enthusiasm, particularly when the client's technology initiatives are already behind schedule or over budget. But it's not such a tough sell if you've ever traveled down one (or more) of these roads:

- Your chief executive is hot on some new technology she saw at the last trade show and now wants you to just "pick a vendor and get it in the door."
- You needed a new database, so you check your e-mail lists, ask your association colleagues what tool they use, and figure, "if it's right for them, it's probably right for us."
- You've used the same technology provider for years, and they have a new version or new modules they think you need and are pressuring you to upgrade.
- To save time, you borrowed another association's RFP and just filled in the blanks with your information.
- You didn't know what you should spend on a particular technology, so you just used last year's numbers.

It's rare that any of these pathways to decision making yield positive results, because absent in all of these scenarios is a conscious approach to understanding your requirements and ensuring that what you're looking for is indeed what you need. The work of getting to those answers should become a part of every association's technology budget. The harsh reality — learned all too well by your association colleagues — is that you sometimes have to spend upfront to make sure you're spending more wisely down the road. And "spending" on this preparation and planning involves more than just handing over a check to a consultant and saying, "Go find me a new system." It means spending your time on the effort as well. According to a 2003 study from the Hackett Group, published in the October 2003 issue of *CIO* magazine: "World-class IT organizations spend 50 percent of their time on strategic planning and decision making and only 25 percent of their time handling support duties."

### **Spend It to Keep It**

Planning is not a new concept; neither is spending money on the decision to spend money. Whenever there is a complex buying decision — fraught with many variables and the risk of costly mistakes — it may be in your best interest to engage the services of someone with specific knowledge and a process to help you along. Financial consultants are a familiar example, whether they are advising on personal investment strategies or performing an elaborate market analysis for a major real estate deal. It's their job to educate you on the options, help you think through the implications, and guide you through a decision-making process. If you have more time than money, spend it generously on making sure you understand your target market (those who are served by the tool and those who will manage it) as well as learning what all your options and implications for the tool may be. Several associations reported that the critical trigger for them in deciding to bring in an advisor to help with technology selection was the realization that "we didn't know what we didn't know." Educational sessions designed to give overviews of an association's technological needs, such as The Center for Association Leadership's Technology Demo Days and other seminars designed to help association executives make smarter tech-spending decisions, also can go a long way toward giving you a perspective on how fully you understand the endeavor before jumping in.

If budget is easier to come by than time, you should not overlook investing in some of the fee-based research related to your particular technology interest. Sharing his experience, David Gammel, CAE, of the American

Speech-Language-Hearing Association recalls, "The best money I spent during our last content management system selection was to purchase a couple of industry reports on the [content management system (CMS)] marketplace. The best time I spent was in forming a cross-functional selection team to develop requirements and assess the candidate systems. Each was a critical investment in the ultimate success of our implementation."

### Now Entering the No-Faking Zone

In some cases it's not a question of budget or time, but one of internal expertise. Don't try to fake your way around a new technology. Advises Peter Wacht, senior director of communications and public affairs at the National Court Reporters Association: "Leave that expertise to someone you know and trust who has the kind of expertise that you don't. Know what you don't know and know where to go to get that kind of information or support."

Despite the fact that individual technologies often decrease in price over time, overall, most organizations have seen their technology budgets grow at a steady rate. Commensurate with your budget for tangible hardware and software should be funds dedicated to providing you with business intelligence to ensure that you're making the right decisions. As the October 2003 issue of *CIO* reports, "In austere economic times, many if not all IT projects require some form of cost-benefit analysis to justify use of scarce dollars."

The question becomes: What is the value you would place on making the right technology decision? If you are preparing to replace your association management system — to the tune of a couple hundred thousand dollars or more — what is it worth for you to make sure you don't have to do it all over again a year from now? Would that be worth \$30,000 and three more months in planning? If you're making a long-term technology purchase that you expect to last at least five years, then amortized over the life of the tool, you've only spent \$6,000 and 13 days per year for the satisfaction in knowing it was the right decision. Those numbers are easy to extrapolate. The harder math comes from calculating the costs of missed opportunities or the cost of having to do a time-consuming, expensive tech initiative over. Donna Orem, director of strategic initiatives, National Association of Independent Schools, offers her experience-based advice: "The preparation piece is a necessity. Not unlike the analogy to painting, it's all in the preparation."

[Associations] probably are spending more money by assuming that we can skip the preparation phase. In the end, it costs a lot more." From the perspective of technology providers, Brian Ocheltree, president of e.magination, a mid-Atlantic technology development firm, offers this warning: "Defining the business need for the technology and doing your homework is critical to making sure you're laying down a foundation that will support what you want to accomplish. Without this kind of planning, you are cutting your chance of success in half."

There is little published research or industry standards on what you should pay for the strategy development, requirements definition, RFP, and vendor selection process. Anecdotally, we see organizations investing as little as seven percent of the total project cost in this upfront work and as much as 34 percent. Those numbers are tied to specific technology initiatives (e.g., a CMS purchase) and not the overall technology budget. But sheer dollars are not the only determinant for building detailed requirements and planning into your process. NCRA's Peter Wacht reminds us, "Because of the sheer dollar value of some of these systems, you have to factor this planning in as part of your budget, but you also have to consider how the technology works into the strategic goals of your organization. Some tools will have greater exposure and value to your organization, and so cost alone is not the only factor."

Lastly, there seems to be a correlation between the higher amounts organizations are willing to pay — and the time they are willing to invest — for upfront analysis to the likelihood that they had suffered some technology debacle in the past. Wisdom comes from our hard knocks, and so, too, appears our willingness to spend the time and resources needed to plan better the next time.