



VALUE PROPOSITIONS AND THE ENTREPRENEURIAL CIO





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The term Value Proposition has been around for several decades now. These are statements businesses use that tell us about the value and benefits a customer receives from a product or service. It outlines why the solution is relevant to the buyer, and quantifies that benefit. To illustrate by contrast, a value proposition differs from a positioning statement in a few key ways. A positioning statement identifies the product or service in relation to all of its competitors in the market segment. The value proposition, however, identifies its benefits in relation to the specific buyer. It identifies the problem it solves, and specifies the benefits received.

A business is not the only unit that needs to create value propositions. Within organizations, IT departments, always under pressure to align better and cut costs, should be offering precise

value propositions to the management of their company. This represents a new approach to the role of the CIO, as well as the IT department. CIOs have listed concerns about cost reduction and control as the top pressures they feel from management. One way to address these questions is to recognize IT's new role in the strategic direction of the company.

THE VALUE PROPOSITION

Defining a value proposition means looking at IT as a full partner in the core business itself. This differs from even a decade or two ago, when IT was primarily seen as an infrastructure builder, a supporter that helped other business units address their already determined goals.

The value proposition strategy takes a very different approach to the role of IT. Creating a

value proposition means re-evaluating assumptions about the role of the CIO. The job isn't about managing budgets and controlling costs. CIOs need to view themselves as taking on an entrepreneurial role in the business. This means being as involved in the business itself as it means being an IT practitioner. This entrepreneurial approach requires being outwardly directed. CIOs must now look to external factors, including customer activities, the competition and other external challenges and opportunities, in addition to internal issues.

WHERE DOES THE VALUE PROPOSITION FIT IN WITH IT?

The value proposition approach explicitly acknowledges that IT must step up and be responsible for providing benefits that directly drive profitability, market competitiveness, as well as other factors driving long-term and short-term success. The big change here is that the CIO must quantify ITs benefit to the organization. The CIO must now be player in the activities driving the bottom line.

WHAT IS THE CIO'S CHALLENGE?

The challenge for the CIO is a new balancing act. It means looking at the full array of challenges and determining which few best use

IT resources. With this outward facing approach, the CIO must evaluate a "sky's the limit" list of technological opportunities with the scope of limited resources. The CIO is now directly involved in both identifying business strategies, and quantifying their respective value. The means analyzing a calculus of strategic decisions. For instance, this might include considering the need to address future innovations that could disrupt a present model, the requirements of compliance and regulations, new product platforms, or adopting new sales and marketing technology.

THE TAKEAWAY FOR CIOs

CIOs, especially those in smaller and midsized firms, are more likely to be working with leaders who have not awakened to the new strategic role IT must play in the company mission. Until they are driven to see that IT is more than a cost center, your department will remain limited in its scope and unable to help drive the bottom line and long term business viability. CIOs need to adopt the concept of the value proposition as a tool to push beyond older roles. Use the value proposition with its stated benefits to the organization and quantified results to push the more visible role IT should be taking in every organization.

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