5 Steps to Get Your
IT Budget Under Control

FREEMAN CLARKE +

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5

We meet some companies who are constantly banging their heads against a brick wall when it comes to their IT budgets.

For them, IT spending feels unplanned, unwelcome and unproductive. The Board are frustrated and (guess what!) the IT team is frustrated as well! It feels like money is spent on the wrong things and IT rarely seems to deliver. Here are 5 steps to get this situation under control.

STEP 1 Who's on the Hook?

Serious businesses spend serious amounts of money on IT. A competent member of the senior team needs to understand the IT budget in detail, needs to take accountability for it and own its successful delivery. Too often, no-one around the Board table is really able to say for sure you're not wasting money; not being ripped off by suppliers; but not under-investing either.

STEP 2 What's the Strategy and ROI?

IT expenditure needs to be justified in terms of alignment with strategy and return on investment. In order to do this there needs to be a strategy and there needs to be a plan! All IT projects need to be mapped to business objectives; they need to be fully costed and efficiency savings or sales uplifts identified to allow sensible commercial decision-making.
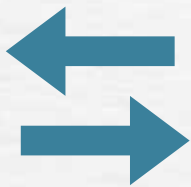
STEP 3 What's Normal?

Getting budgets under control is much easier when there is a consensus about what's normal. Average spending on IT varies between sectors, company size, and other factors and benchmarking yourself against these averages can help create a consensus around what is normal and what your level of IT spend could and should be.

STEP 4 What's Your Insource/outsource Strategy?

Outsourcing can be a good way to rationalise IT and save money but too often companies outsource the wrong things. Which aspects of IT are just commodities and which are core aspects of your business value? If you are making serious outsourcing decisions then go through a proper tendering process. And when you are keeping IT functions in house make sure the senior team are able and committed to managing them well.

STEP 5 Refresh & replace

Old kit needs replacing. It becomes unreliable, expensive to maintain and incompatible. You can pretend that's not true, but then you will suffer these problems and have unbudgeted and unwelcome shock spends. Or you can agree a replacement policy and budget and plan on that basis. Setting and agreeing refresh and replace policies allows these decisions to become routine and budgeted well in advance. So these conversations no longer need to take up much time, and this creates time and energy to have proper discussions about how IT can really make a difference to the business.

Freeman Clarke is the UK's largest and most experienced team of part-time (we call it "fractional") IT directors, CIOs and CTOs. We work exclusively with SME and mid-market organisations and we frequently help them bring their budgets under control.

Contact Us for an informal conversation.

FREEMAN CLARKE +