

'Be a servant of the business'

Business Reporter talks to Betfair CIO, Tony McAlister, on which strategy gambles to take, and ask if his have paid off

You've been in your role for three years. What changes have you made?

When I arrived in 2009, the systems were a bit long in the tooth – they had been around for 19 years and needed a refurbishment.

The architecture was designed as a UK product for a UK customer, betting on a UK event. We needed to meet the demands of a global product for a global customer betting on a global event. We had to be jurisdictionally aware. At the same time as we were running the business, we started modifying all the technology underneath it, and that spun off into several big projects.

As well as the software, we had six data centres – we needed to consolidate that down to two, in Ireland. For most companies, that in itself would be the big IT project, but we did it at the same time as re-architecting the business – and hardly anyone in the business even noticed it was happening, which is a testament to how well my team performed. We changed everything but the kitchen sink. In fact, we just had the office refurbished, so by now we probably need to change that, too.

What challenges did you encounter along the way?

A lot of European countries started to regulate our industry – they put rules and regulations in place and I had to adjust our software to deal with that.

When you've got everything that's broken open, it's incredibly difficult to start playing around with it. It's like a construction job – to keep things running while you're building the road, you put in place bridges that you know you're going to have to come back and tear down.

Do you believe technology should drive the business strategy, or vice versa?

I have been doing this for more than 30 years, and I have learned that we have to be the servant of the business. The business has thoughts, ideas and ambitions that it wants to achieve, and it is our job to find a simple and cost-effective way to do that.

On the flip side, in an e-commerce business, I do think technology has a responsibility to help lead the charge. For example, when I was rebuilding our website I introduced an API and

mobile technology that went way out in front of the business, and said, 'let's go this way'.

A good relationship between CEO and CIO is key to success – what's the best way to achieve this?

It has to be a partnership, and in some businesses it's not always been that way. The tech people are often perceived as a bunch of nerds in the back office. But a lot of that is down to us – we have got to understand the business and the market, and business and markets generally. I'm a business person first and a technology person second.

How important is it that the rest of the company understands what's happening in the technology department?

It's important in any company, even high street banking. All businesses run on technology, it's the backbone of the business. We spend time telling the rest of the business what we're doing – I do regular video blogs, and so do my direct reports.



i Betfair in figures

Betfair processes more than seven million transactions every day, more than all European stock exchanges combined



Betfair employs more than 2,000 people worldwide



Betfair has more than four million registered customers



When strategy meets reality

With marginal differences between strategies, implementation provides a true competitive advantage

INDUSTRY VIEW

Today's business environment is complex, competitive and fast-changing. Developing robust strategy that stands the test of time is tough, but when strategy meets reality things inevitably get tougher. Many plans fail to realise their potential value, wasting resources and time.

"The fundamental problem is not the strategy," according to Dan Spacie of consultancy Leading Change. "Business needs to adapt its approach to strategy execution to fit a more dynamic environment."

New strategy is inherently flawed: it's impossible to know everything necessary to create the perfect plan. Business strategies are often unclear and over-detailed; when cascaded through organisations they are frequently misunderstood. Implementation usually relies on people and teams several tiers away from the strategic architects. Even well-intentioned leaders find it challenging and de-motivating to manage in a confusing fog of assumptions, multiple conflicting objectives,



Bouch: Better direction and less control is the key to success

day-to-day pressure on results and poorly aligned resources. "Throw competitors and complex organisational structures into the mix and it's no surprise that plans don't always achieve the results people expect," says Spacie.

A lack of focus wastes effort and causes friction, which in turn adds to organisational inertia. "Changing the trajectory of a large business requires more than effective communication", adds managing director Mark Bouch. "The challenge is to create momentum; in other words, focus an organisation on clear strategic intent, align the mass of the business with it and overcome resistance to change. That's difficult when an organisation lacks coherence."

Lack of clarity in communicating strategy and missed opportunities in deployment, including weak employee engagement, misalignment and ambiguous freedom to operate, are among the reasons strategy can fall short of its aims, according to the team from Leading Change.

Many of these factors can be addressed by execution models designed to work in dynamic environments – the military's 'mission command' doctrine or what Leading Change calls 'effects-based

leadership' are proven examples. Both these disciplines emphasise the need for highly developed leadership skills.

Spacie says that effective execution starts at the top: "We need leaders to be more comfortable with uncertainty and be really clear about what their strategy is designed to achieve." It is key that everyone understands the real purpose behind what they are doing.

"In a dynamic environment, traditional responses like additional management intervention, reporting and calls for more accountability do have their limitations. In fact, what's required is better direction and less control; it's a more sophisticated style of leadership that balances alignment with empowered behaviour," says Bouch.

Focusing people

"Leaders have to create meaningful connections between strategy, operations and people. They need to be really clear about what's important, focus people on mission-critical outcomes, then, create sufficient space and support for people to make decisions and adapt their actions to realise the intent".

This requires high levels of trust and a strong focus on execution. In the worst case he has seen, an individual client outlined almost 60 objectives, several of

"We need leaders to be more comfortable with uncertainty and be really clear about what their strategy is designed to achieve – Dan Spacie"

which were mutually exclusive. "At that point I really understood why it was so hard to get traction on anything," Bouch says.

Leading Change specialises in helping market-leading companies develop execution capabilities that create competitive advantage. Leading Change have a track record in helping clarify strategic intent, align organisations and supporting leaders to develop the tools, skills and behavior necessary to engage people and drive successful implementation. They do this using a clear set of principles, but tailor implementation to reflect unique cultural and organisational differences.

Bouch says: "When you notice your competitors changing direction and accelerating, their agility may result from leadership that has committed to a more radical approach to strategy execution better suited to their business environment."

Mark Bouch is Managing Director of Leading Change Limited
0203 170 8026
www.leadingchangeuk.com