Jim Boomer • Nov. 19, 2012

IT strategic planning and budget are crucial concepts for IT leaders to understand when communicating with partners. First, trust is critical to developing a plan and budget that leadership will back, thus ensuring success.

It takes time to earn the trust of the executive committee members – it's not something that happens overnight. Second, communicating the plan is just as important, if not more, than developing the plan itself. Clearly articulating the alignment between IT initiatives and the firm's objectives is critical.

With regards to budgeting, here are some tips for IT leaders:

- **Don't give too much detail** – you are asking for budget approval from accountants. A far too common mistake is to provide line-item details to the executive committee. When you provide a group of CPA's with a spreadsheet full of numbers their natural instincts will take over and they'll look for ways to squeeze savings out of the budget. Providing only the important numbers such as IT spending as a % of revenue and % change from last year can make the process much smoother.
- **Separate out the "must have" recurring items** – A large % of the annual IT budget is comprised of software costs and a lot of these are maintenance fees for tools the firm cannot do without. Why not focus on the items that are up for discussion rather than muddying the water with expenses that are part of normal operations.
- **Share major projects that are new (and what dropped off from prior years)** – breaking out the new projects for which you are asking for budget dollars can help create a clear picture of what is above and beyond what was approved the previous year. At the same time, pointing out the projects that were completed or no longer important highlights savings that make the pill a lot easier to swallow.

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