

## Effective planning, clear metrics and cultural fit creates ROI on IT investments

By: Dave Hartman



Mike McDevitt, CEO, Medifast, Inc.

Medifast, Inc., a fast growing weight loss and health management company located in Owings Mills started noticing the signs that IT wasn't keeping up with corporate growth. . . frustrated customers, project overruns, ineffective software.

Senior Management increased the annual budget allocated to IT, but the problems continued to mount. On a recommendation from a trusted advisor, Medifast called upon strategic IT consultant, Hartman Business Technology to map a plan for creating a more effective, and flexible, IT organization.

### Case Background (Current State):

- While enjoying rapid business growth, Medifast had not been able to create a technology plan that aligned with their business goals.
- Projects were handled on a first come-first serve basis, with few business metrics outlining success criteria, and no control mechanisms for tracking successful completion.
- While Medifast is a health-related organization, an early IT leadership hire led to the development of a 'hospital centric' IT organiza-

tion that wasn't as familiar with the entrepreneurial, e-commerce related demands of Medifast's growing business.

### The Challenge:

- Medifast was growing, but not simply via one channel, rather as many as four. CEO Mike McDevitt's challenge to the HBT team on day one . . . We need an IT organization that can enable flexibility and growth in each of our four channels, while maintaining controls to ensure the satisfaction of our customers.
- The lack of 'cultural fit' between the business and IT led to erosion in confidence between IT and the organization as a whole with respect to delivering valuable solutions.
- The lack of effective project management was creating an expense drain on the company, and inhibiting the completion of critical projects. One project, in particular, was several months late and three times the budgeted amount.

### Key Goals (Desired Future State):

- Develop an organization that was flexible and responsive to the dynamic needs of their growing business.
- Create a core competency around effective e-commerce and online customer service.
- Reestablish accountability and credibility within the IT department, as an organization that could deliver customer focused, valuable solutions on time and within budget.

### HBT Solution:

HBT took a people first approach to solving Medifast's critical solutions delivery issues. They assessed the current IT organization and, in partnership with Medifast's HR department, put together a team that brought the necessary skills, ex-

perience and culture to be successful. HBT also engaged Medifast's line of business leadership to prioritize existing projects, cancelling or postponing those that couldn't show solid ROI, and refocusing resources on those that were most critical to Medifast's immediate success.

Once the new team was in place, HBT created accountability around project performance, and instituted procedures ensuring that the IT project portfolio met specific business ROI standards. IT leadership began meeting regularly with business leadership to ensure that strategic goals and customer satisfaction remained a focus of the IT organization.

### Key Results:

- HBT decreased overhead labor costs by \$450K, which allowed the organization to reallocate those savings to higher value resources and projects.
- Medifast instituted a project monitoring and cost containment system that led to the elimination of 90% of projects (deemed unnecessary) scheduled for the next fiscal year.
- HBT advised Medifast's marketing group in developing an ROI for a strategic project that showed a 4:1 return on their initial investment.
- As a result of these strategic changes, Medifast executives now view IT as a value added investment, not simply as a necessary expense.

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