

IT governance provides the structure that organizations need for efficiency and innovation, while meeting the competing demands of providers, consumers and shareholders.

The growing demand for alternative energy sources is voiced daily in the media, echoing the opinions of the masses. Although the desire for change is a common thread among a broad spectrum of groups, the driving forces behind it vary by constituency. For example, scientists hope that energy innovation produces renewable sources with greater efficiency. Energy company shareholders are looking for better margins through the possibility that tide-based turbines, for example, are less expensive to deploy and operate than man-made dams. On the other hand, consumers demand less expensive energy, but that energy must not require a change in daily habit.

A familiar struggle

Satisfying the demand for change, while addressing each group's underlying motivation, is a familiar struggle shared by corporations – especially regarding information technology (IT). The consumers of IT demand that services be available around the clock and at consumption levels that meet their individual demands. The individual user does not care that another consumer has a large demand at the same time, thus impacting availability and speed. The provider must be able to meet both demands simultaneously and must deliver redundancy for continuous up-time or the discontent will be publicized and targeted. Yet, executives and shareholders want IT systems that maintain a positive public image with an eye toward reduced CapEx and OpEx control. They are interested in return on equity and how extensive expenditures impact both the speed and the quantity of that return. Corporations are looking for innovation and change, but the change cannot impact daily operations. It must create opportunity that is not available through the current technology.

Within most companies, the need for data is constant and the consumers of that data do not want to pay with delays. However, competing interests within a firm can create an environment where many things are tried, but nothing is sponsored at the executive level. The result is a large number of intentions, none of which are backed by powerful enough incentives to work through to the end, and the end-result is a state of stasis. In a state of stasis, the squeaky wheel can remain amplified, the single direction is not known and the organization moves in multiple directions rather than with a channeled focus. A cohesive strategy must be set and accepted by each group.

IT Governance is the answer

Are those competing objectives? Are the objectives impossible to obtain concurrently? Corporations that implement IT Governance are able to achieve each objective and do so simultaneously. Some may say that adding another committee

to the already complex, political nature of the problem does not address immediate concerns, such as: a poor image of IT and its poor operation, the fact that the organization is already behind, out of control costs with apparently no benefit, and/or the enterprise lacks the ability to stick with a decision and execute, whether due to strong competing interests or the lack of effective leadership.

Upon its creation and going forward, IT Governance is the leadership body on all IT matters.

IT Governance:

- Determines who makes decisions
- Ensures that compliance and risk matters are addressed with decisions
- Creates the policies of the firm, which IT enforces
- Confirms that IT strategy is mapped to business strategy



This governing body should be comprised of the executive leadership of the firm including: IT, operations, risk, compliance, finance, sales and legal. This body of executives enshrouds the CEO, understands the goals of the board and the CEO, and ensures that the policies and directions of IT are aligned accordingly.

These members also have personal interests in ensuring the specific goals are met and will work collectively to ensure their execution. If one of the issues in the firm is the capital budget allotment for data storage, legal can mandate that archives be deleted after a period of time specified in the corporate governance documents to mitigate exposure through e-discovery. The reduced storage demands support both the CFO and CIO in budget-related matters. The IT Governance ruling related to archiving is also supported by legal and compliance. By default, the data storage policy creates a guiding principle on PSTs, for example, resulting in improved application performance for the users. Specific corporate governance mandates now have a channel for not only being enacted through IT Governance, but also monitored for enforcement. Furthermore and probably most importantly, these actions are now supported collaboratively across the executive leadership and pushed down and across the organization.

IT Governance knows what is most important to the firm by the nature of who comprises the committee. This body therefore determines which actions are taken in what order by IT, thus the squeaky wheel is squelched. Powerful competing interests that have historically driven IT through a loud, demanding voice must now submit to the collective executive leadership. At this point, IT is able to function without being pulled to the next fire alarm bell. If they are not able to execute with a well laid out plan, other questions about IT leadership can justifiably be brought to the executive committee.

IT Steering takes you where you want to go

Executive leadership does not have the time to work through the details of drafting a tactical plan, analyzing alternatives, vetting vendors and project management. They also do not have the time to create solutions which incorporate every functional unit's needs when IT Governance has issued a strategy decision and funded it. So, how are those important needs met?

Both relatively flat organizations and large complex organizations across manufacturing, service and government sectors realize the need to create a communication channel allowing functional units to voice their concerns and their unique needs, otherwise the threat of rejection will loom over the project. Rejection equals wasted capital, and that wasted capital could cost a senior executive his or her job. Executives are interested in how to enable this voice without delaying the execution of the strategy.

That is most commonly accomplished via an IT Steering Committee which is comprised of representatives of each functional unit ranging from manufacturing to admin. It is a larger group than IT Governance and contains either leaders or future leaders of each functional group. The enterprise is now aware that they have a voice through their representative.

IT Steering serves three purposes. Primarily, it acts as a conduit of information from the rule-making body to fellow team members of his/her functional group about upcoming initiatives. The group creates positive buzz about upcoming initiatives, so that new initiatives are anticipated rather than dreaded.

The second duty of this group is a result of their primary role. As information is being communicated, concerns that are voiced in casual conversation have a channel back to the committee so that they are addressed prior to the launch, thus mitigating potential rejection.



The third responsibility of the IT Steering Committee is to provide the basis from which functional requirements documents (FRD) and detailed requirements documents (DRD) are authored. A functional requirements document is the strategy handed down from the IT Governance Committee combined with the features and functionality desired by the firm. This document acts as the basis for the request for information (RFI) to the various vendors allowing the firm to vet what is possible and what is not. It states, for example, the legacy systems that the project must be able to interface with, as well as the feature/functionality for the respective group(s). The knowledge garnered from the RFI allows the IT Governance Committee to refine the prioritization, the importance of specific functionality, and the expectation of the executive committee and board. This refinement empowers the IT Steering Committee to take the strategic framework and develop the interactions between each functional unit.

The representation of the functional units ensures that the operational details and interactions are well mapped and that concerns or conflicts are resolved at the design stage. The result is a sense of ownership through contribution. The contribution addresses the personal and emotional needs of specific individuals, as well as addresses the detailed refinement of how it will be built by the vendor and executed by the department up front rather than after the project has been launched. The FRD and DRD processes are similar to the old adage of “measure twice, cut once.”

On February 12, 2002, at a Defense Department briefing, Secretary of Defense Donald Rumsfeld said, “Reports that say that something hasn’t happened are always interesting to me, because as we know, there are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns -- the ones we don’t know we don’t know. And if one looks throughout the history of our country and other free countries, it is the latter category that tends to be the difficult ones.” A white paper describing IT Governance and IT Steering provides an awareness of something that could or should be done, but properly executing based simply on a general understanding creates a state of “unknown unknowns.”

An example of success

Technisource manages this type of turmoil on a daily basis and assists with the transformation of organizations into productive, interactive machines capable of delivering competitive advantages. We recently helped a global investment bank create an IT Governance and IT Steering Committee. There was reluctance to this new structure due to the fear of creating a non-reactive corporate complexity. The concept of Governance and Steering was only given a brief time to prove itself.

Technisource entered the organization in an executive consulting capacity following a two-month assessment of the issues. The background garnered in the assessment enabled the consultant to work with corporate executives to prioritize activities.

Infrastructure and operational stability were determined to be the top priorities. The first steps were to implement operational procedures and accountability at all levels of the IT department associated with those procedures. The operational guidelines and accountability provided insight into the capacity of the staff and IT management. The result was improved stability of the systems.

The change in operational procedures produced quantifiable and qualitative results immediately, but further intelligence was needed by IT so that they did not have to react to outages and they could react to the root cause analysis more rapidly. IT needed to be preemptive, knowing when potential outages were coming and exactly what the cause was in order to improve resolution time. Status monitoring was applied, and again, accountability was enforced. Though IT now knew the exact cause of an event and could rectify the event faster than ever before, and in some cases could foresee a pending server corruption or network issue, the technology that was in place could not be appended any further. The result was quantifiable evidence to the executives that capital expenditures must occur and those

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expenditures were passed through budgeting with ease because the expenditures mapped to the needs of the firm. It was not a one-off solution adding to other one-off purchases acting as a band-aid to something that required a surgical solution. It was root cause remediation.

Further operating and capital expenditure analysis occurred, and it was realized that the server and network architecture currently in place was more expensive than modern network topologies at higher bandwidth. The ability to change the national network topology and put the vendors in a competing bid situation enabled the firm to grow network access capacity by seven-fold, yet spend less money. Again, qualitative and quantitative results were being demonstrated.

The decision to incorporate greater data center capacity with failover capabilities was the result of the status monitoring and data center analysis. Technisource provided short term technical resources for the analysis in order to meet the timeline. It worked well for the client in that the goal was accomplished and the resources to accomplish that goal did not have to be full time employees (FTE).

The data center design, the vetting of the component vendors and the site vendors were driven by Technisource on behalf of the client. At this point, the firm realized that IT Governance delivered value and has maintained the structure since.

The result of the first twelve months positioned the firm to address its competitiveness and to make strategic planning decisions beyond typical IT blocking and tackling. IT Governance created a strategy and handed that decision to IT Steering to execute.

With the assistance of Technisource technical writers and project managers, IT Steering was able to create both a functional requirements document (FRD) and detailed requirements document (DRD) that were accepted across the firm. For the first time in years, there was consensus across the organization on a set of large-scale, growth-enabling projects. The FRD and DRD documents were treated as road maps to vendor developers, and after vetting the vendors and negotiating the contracts, the projects were initiated.

Summary

Although the addition of committees may seem counter intuitive, the result of executive agreement and executive sponsorship, in and of itself, communicates a strategy that is collectively agreed upon. That strategy states the end goal. An organization with an understanding of the end goal has a defined focus, and the actions taken toward that goal are in uniform. The development of the scope through IT Steering enables feedback loops in a constructive setting, so that adoption is consistent across all functional groups. The outcome is harnessed energy resulting in innovation.

We're in the "business of IT"

Technisource Solutions has been assisting companies with this for more than 20 years in the manufacturing, government and service sectors. Our approach is based on a well documented methodology developed by John Baschab, the co-founder of Technisource Solutions and co-author of the acclaimed book now used in Ivy League business schools, "The Executive's Guide to Information Technology."

Whether your organization needs executive-level support in creating a structure in order to obtain consensus on a strategy, assistance at the senior management level with designing and implementing a project that will be widely embraced, or temporary resources to fill a functional or technical void, Technisource can help. We deliver experience and expertise across a spectrum of technologies and functions including: Business process re-engineering and project management, ERP, business intelligence, CRM, knowledge management and collaboration, data center operations, unified communications, and web-based application development.

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