Turning Vision into Reality
Delivering on the promise of IT

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My IT/IM Journey

1963 – 1978 The “Techie” years
• Operator, Programmer, System Programmer, DB Designer, Project Leader, Systems Engineer

1978 – 1983 The Management years
• Systems Engineering Manager, Field Support Centre Manager

1983 – 1998 The Managing Consultant years
• IT Strategic Planning, Change Management, Value Management - Local, Regional, National & Global management responsibilities

1998 – The Independent Consultant/Author/Evangelist years
• Value Management in context of IT-enabled change, Governance

1963 – 1978 The “Techie” years
• Operator, Programmer, System Programmer, DB Designer, Project Leader, Systems Engineer
The Information Paradox

The value of IT is being increasingly questioned...

...yet organizations continue to spend more and more on IT
“The failed promises of the Information Age add up to the longest-running disappointment in business history. On the other hand, information technology has produced an enormous transition, something that companies should be grappling with and studying every day.”

Jack Welch
World Economic Forum, Davos, 1997
Gartner: firms waste £351bn each year on ill-conceived IT projects

- Gartner – more than 600 billion $ thrown away annually on ill conceived or ill executed IT projects

- Standish Group – 24% of projects fail outright, 44% are challenged and only 32% are successful

- Other reviews and studies continue to confirm concerns


- In a 2007 survey of 1,125 professional worldwide 57% had positive outcomes in less than half their organizations IT initiatives

HP and Economist Intelligence Unit

- 74% of IT projects from 1994 – 2002 failed to deliver expected value
Evolution of Use of IT

Efficiency - Run the business

Automation of Work

Effectiveness - Change the business

Management of Information

Innovation - Change the rules

Transformation of Business

Investments are increasing and... ... complexity is increasing!

Source: The Information Paradox
A New Perspective

“You can’t separate IT form the business”

Faisal Hoque
Founder & Chair,
BTM Institute
A Formula for Failure

OO + NT = COO

Increasingly complex IT

IT costs increase
IT inhibits vs. enabling change
The Evolving Role of the CIO

- Accountable to deliver required technology services at an affordable cost with an acceptable level of risk.
- Responsible to work in partnership with the (other parts of the) business to help them:
  - Optimize value from existing services.
  - Understand the opportunities for business change enabled by current, new or emerging technologies.
  - Understand the changes they will have to make (BPPTO) to realize value from these opportunities.
  - Select opportunities with highest potential value and execute such that value is maximized.

Business must own and accept accountability for the use of technology to create and sustain business value.
The Fundamental Question

Are we maximizing the value of our investments in IT-enabled change such that:

- we are getting **optimal benefits**;
- at an **affordable cost**; and
- with an **acceptable level of risk**?

*Over the full economic life-cycle of the investment decision*
The Role of Governance

Enterprises that actively design their top-level IT governance arrangements make and implement better IT-related decisions

Gartner

Firms with focused strategies and above average IT Governance had more than 20% higher profits than other firms following the same strategies

Peter Weill and Jeannie W. Ross, *IT Governance*

Enterprises focused on converging their business and technology disciplines exhibited superior revenue growth and net margins relative to their industry groups and exhibited consistently greater rates of return than those of their competitors

BTM Institute
IT Governance

• Not a panacea – necessary but not sufficient

• “The term “IT governance” as used by the IT industry is a legacy of the separateness between business and IT”
  Cliff Berg, Value-Driven IT

• “The focus of IT governance continues to be on the more operational IT issues with little appetite for tackling the business aspects of planning and managing how the business uses IT to create and sustain value”
  ITGI sponsored UAMS Research, *Exploring the relationship between enterprise benefits and IT governance practices COBIT 4.1 and Val IT 2.0.*, 2008

• The way forward requires “The introduction of an IT management and governance framework that explicitly stimulates and facilitates collaboration and knowledge exchange across the business/IT divide from the Board downwards.”
  Geoff Codd, *The Drowning Director*
Key Governance Questions

Continually asking...

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<th>Business Governance of IT</th>
<th>Enterprise Value Management</th>
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<td>Are we doing the right things?</td>
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<td>Are we getting them done well?</td>
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Source: The Information Paradox
A Definition...

*Kubernán* (gr): to steer a ship – the process of *continually orienting and adjusting*

“any organisation is multifaceted, and the range of organisational variables is mind-boggling”

“Managing an uncertain journey to an uncertain destination”

John Roberts
The Modern Firm
The Big Disconnect

Strategy Management

- Filtered information*
- Selective hearing
- Wishful thinking
- Fear
- Emotional overinvestment
- Unrealistic stakeholder expectations

Project Management

Operations Management

*Source: Larry Bossidy, Ram Charan – Confronting Reality
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**P³M - Projects, Programs, and Portfolios**

- **Portfolio** – a suite of business programs managed to optimize overall *enterprise value*
- **Program** – a structured grouping of projects designed to produce clearly identified *business value*
- **Project** – a structured set of activities concerned with delivering a defined *capability* based on an agreed schedule and budget

“We believe [strategic program management] is the management construct best suited to enable better business engagement, value delivery and risk”

Gartner Research, March 17, 2008

Source: *The Information Paradox*
The Business Case

A game

or

Accountants’ torture
to
get money

or

Tool
to
create value

Source: Joe Peppard, Cranfield
The Business Case

“Business cases are generally viewed only as documents for gaining funding. Once approved they are put away…few track the business benefits the projects actually achieve”
Gartner, Building Brilliant Business Cases

“Business Cases contain untested assumptions masquerading as facts”
Bob Morton, Government of Canada

“…38% of respondents openly admitted to overstating benefits in order to get approval”
Cranfield School of Management, survey of 60 European companies

Largely works of fiction based on “delusional optimism” and “strategic misrepresentation”!
Stephen Jenner quoting Daniel Hahneman & Brent Flyvbjerg
The Business Case

• The foundation that sows the seeds for success or failure – NOT a bureaucratic hurdle

• Business cases should:
  • operate at the program level containing all required initiatives to realize outcomes – not just the technology
  • Identify clear accountabilities, supported by clear and relevant benefits metrics – both lead and lag
  • be a living, operational management tool – updated through the full life cycle of an investment decision

  • be regularly reviewed by an independent body such as a Value Management Office (VMO)

• Development and management of business cases should be supported by a benefits mapping process
Benefits Mapping

Results-focused programs of change

Clear accountabilities

Full scope of effort—All necessary IT and business initiatives, including change management

Clear understanding of outcomes

Relevant metrics

Source: The Results Chain™, Fujitsu
The Anatomy of Change

Source: The Information Paradox
Portfolio Management

Select & Monitor

Categorise
Transformational
Mandatory
Sustaining
Discretionary
Transaction
Infrastructure

Evaluate
Alignment
Business Worth
• Financial
• Non-Financial
Risk
• Delivery Risk
• Benefits Risk

Venture
Growth
Discretionary
Enhancements
Non Discretionary
Core

Programme Plan of Work
Programme Business Case
Execute
Deliver Operational Benefits

Are we doing the right things?
Are we getting them done?
Are we doing the right things?
Prevent / Plan
Contain / React
Recover / Throw away or start again

Develop complete & comprehensive Value-driven plans
Sense & respond to deviations early, quickly and decisively
Eliminate the risk of getting to the crisis stage

“How does a project get to be a year behind schedule? One day at a time.”
Fred Brooks
Enterprise n.0

- Current top down, hierarchical, siloed organizational models work against realizing value from IT-enabled change
- Web 2.0, social networking, crowd sourcing currently seen as a threat
- Certainly presents governance challenges
- BUT…also presents governance opportunities
  - More inclusive and better informed decision making
  - Leveraging our human knowledge capital
  - Rebuilding trust
What does this mean to you?

- Value comes from change shaped and enabled by IT
- Requires partnership with clear and accepted business (demand) and IT (supply) roles, responsibilities & accountabilities
- Effective Strategic – not just IT – Governance key
- Clear and shared understanding of desired outcomes
- Business Case sets stage for success or failure
- Metrics supporting dynamic, sense and respond execution
- Proven processes, practices and techniques exist
  - Involves significant behavioural change
- Governance n.0 – both a challenge and an opportunity

You can make a difference!
“After all is said and done, more is said than done”

Aesop
“If you don’t like change, you’re going to like irrelevance even less”

General Erik Shinseki, Chief of Staff, US Army
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