

# CIO Boot Camp

## Topic #1 — The Issue With Credibility



### *IT Leadership: Do you have what it takes?*

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### *How Do IT Leaders Stay the Best?*



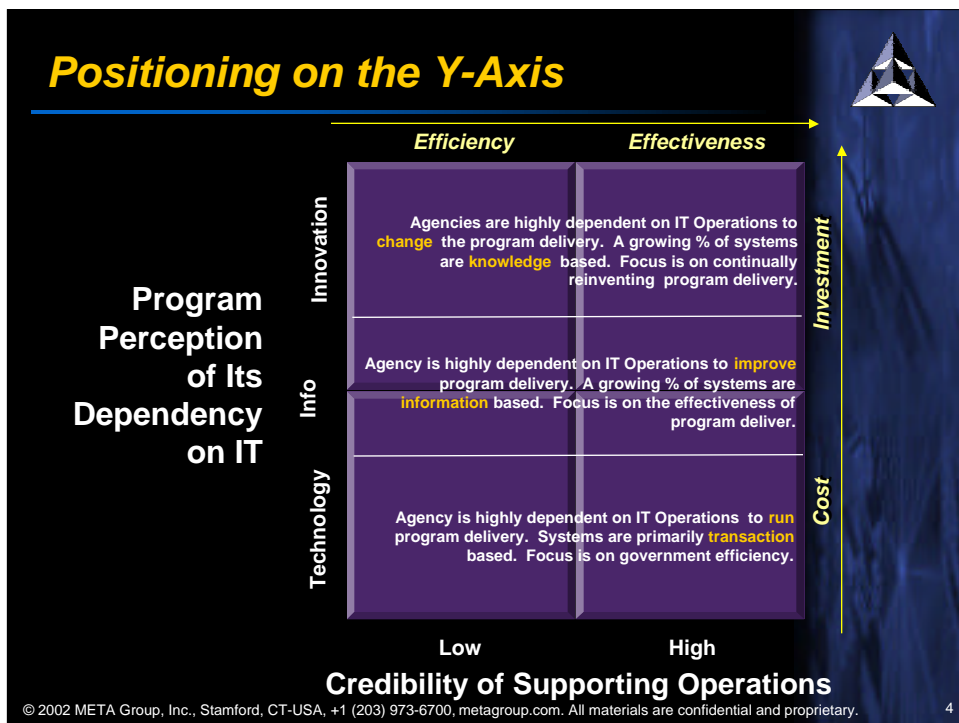
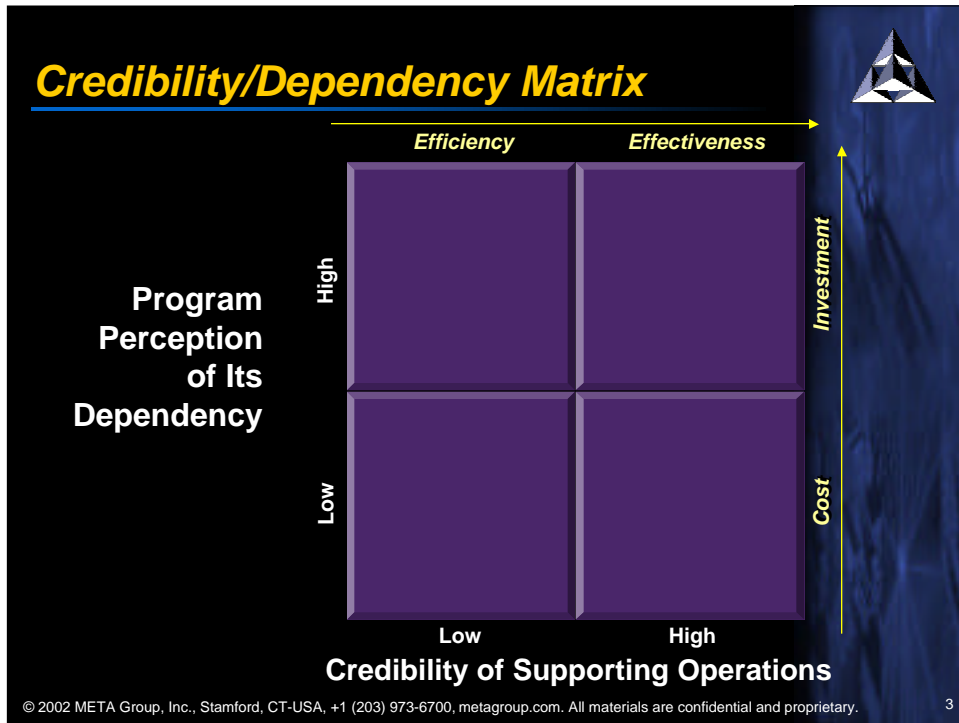
- ▶ **Successful CIOs understand 2 factors:**
  - ▶ Program's perception of its dependency on information technology drives IT *involvement*
  - ▶ The credibility of IT operations effects *involvement*
- ▶ **The Credibility/Dependency (C/D) Matrix is a framework to:**
  - ▶ Recognize where you want to be
  - ▶ Map your course of progress
  - ▶ Optimize the credibility of the IT organization
  - ▶ Enhance the program's perception of its dependency on the IT organization's products and services

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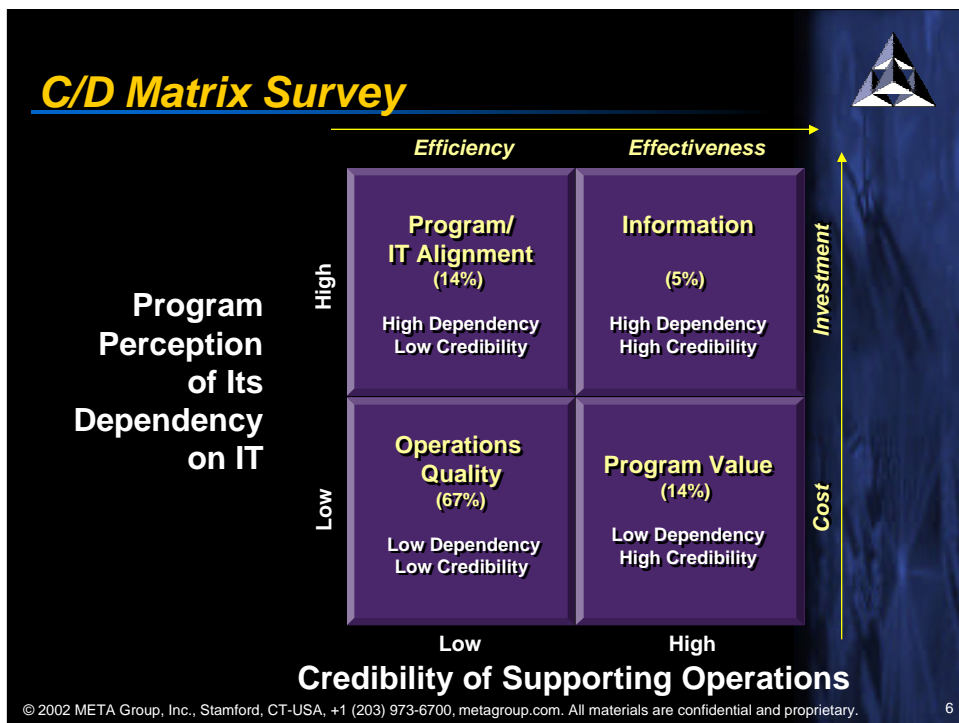
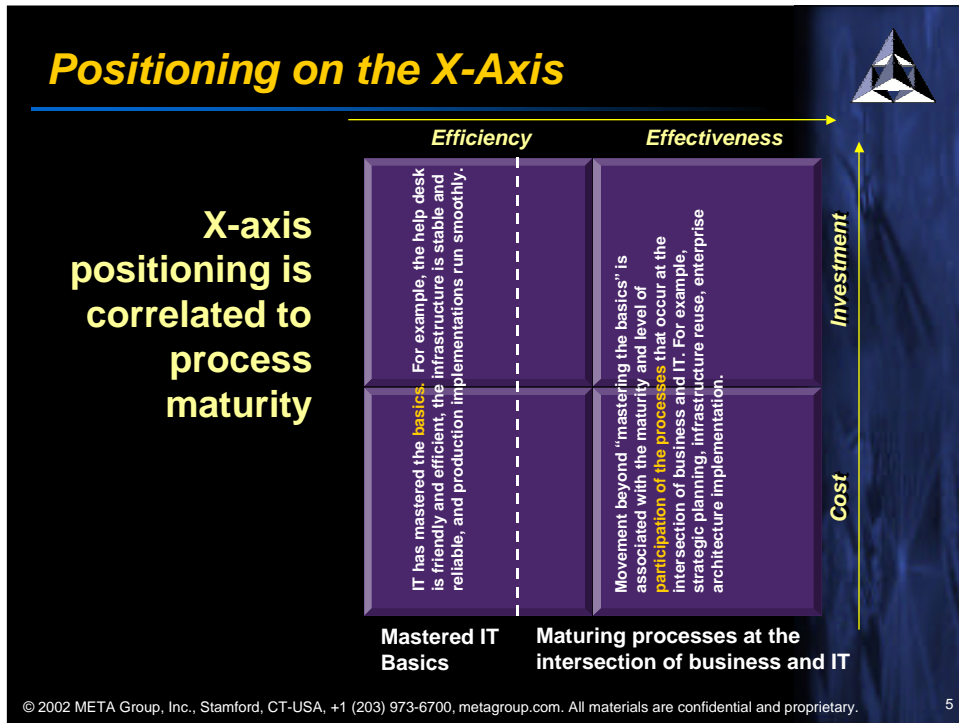
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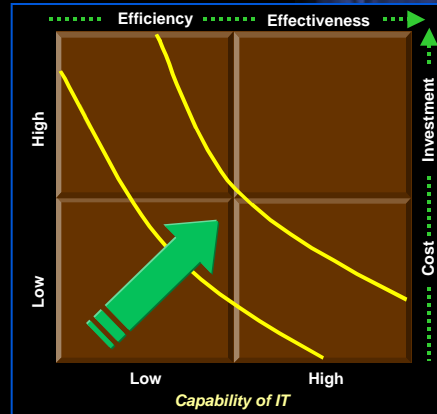
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### Changing Value Perceptions

- ▲ Work within the C/D Matrix
- ▲ Credibility first moves:
  - ▶ Infrastructure basics
  - ▶ Retention and recruiting
  - ▶ Process creation
  - ▶ Understand/report costs
- ▲ Dependency first moves:
  - ▶ Evaluate information chain
  - ▶ Improve relationship management
  - ▶ Create product/service mappings

#### Changing to a Value Center

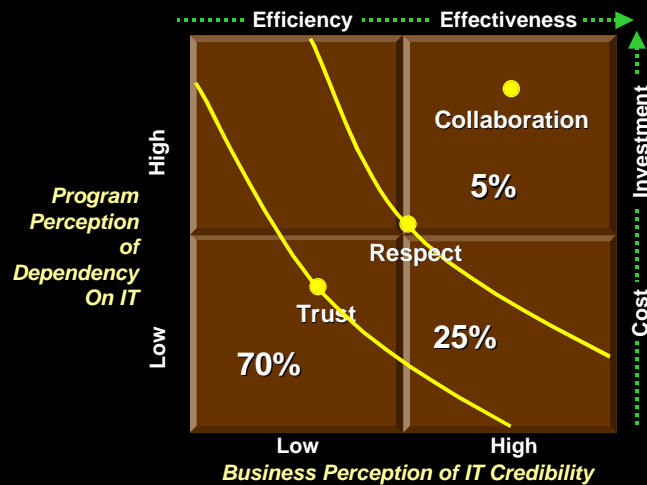


**Changing cost center perceptions requires the willingness to get back to the basics**

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### The Credibility/Dependency Matrix



**Value perceptions are directly correlated to the maturity of the IT/program relationship**

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### Basic Assumptions I



**IT Systems Must Facilitate Change!**



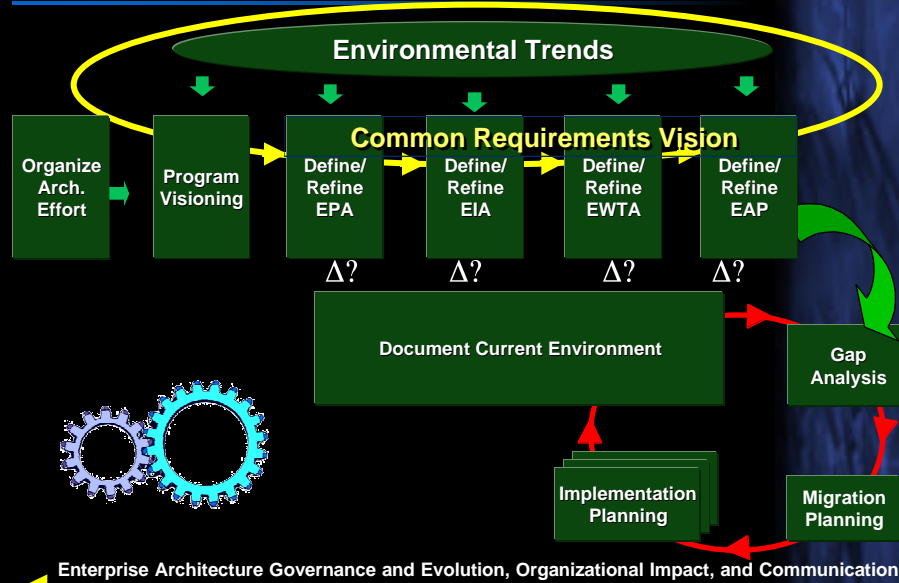
*The primary design goal for information systems must be to enable rapid change in business processes and in the applications and technical infrastructure that enable them!*

**Enterprise Architects Are Change Agents**

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### Enterprise Architecture Process Model



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### *What to Do Tomorrow*



- ▲ Charter an enterprise architecture function
- ▲ Implement key characteristics of EA process
  - ▶ Architecture team — find resources
  - ▶ Develop strategic linkage to program
  - ▶ Governance process
- ▲ Identify the common vision
- ▲ Focus on enterprise wide technical architecture
- ▲ Drive transformation through a common path

*“It is not the strongest of the species that survives, nor the most intelligent, but the one that is most responsive to change” — Charles Darwin*

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### *Typical IT (Strategic) Planning Artifacts*



#### Strategic Direction

- Program Imperatives
- Vision, Mission, Values



#### Success Model

- Business Drivers
- Critical Success Factors
- Future State



#### Strategic Plan

- Explicit Strategies
- Implementation Plans
- Key Initiatives



#### Operational Plan

- Performance Agreements
- Resources & Contracts
- Projects

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### Using portfolios as a value management framework



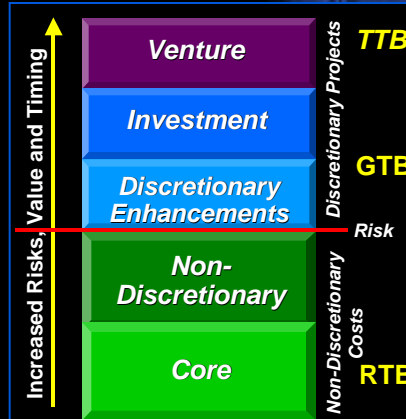
Enables value/risk categorization, capture and communications

Expresses activities in business terms; underscoring value and risk tradeoffs

Leverages a known and understood discipline

Positions IT as portfolio and product managers

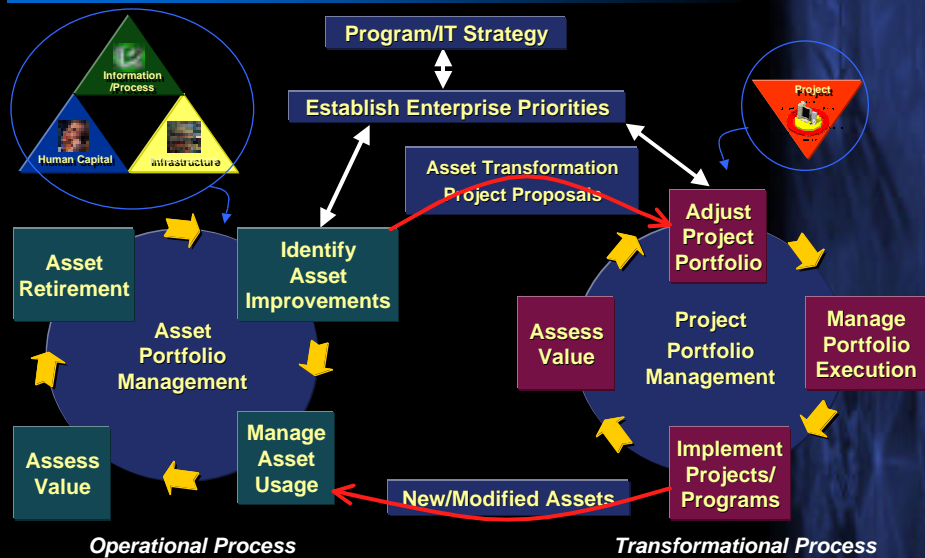
#### IT Investment (Projects) Portfolio



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### Portfolio Management Processes



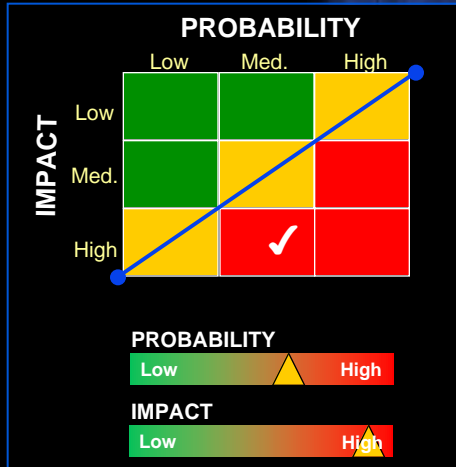
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- ▶ Value is achieved from the right balance of risk and reward
- ▶ Identify potential risks, determine likelihood of occurrence and severity of consequences



***Identifying scenarios and evaluating risks will lead to high-value IT portfolio***

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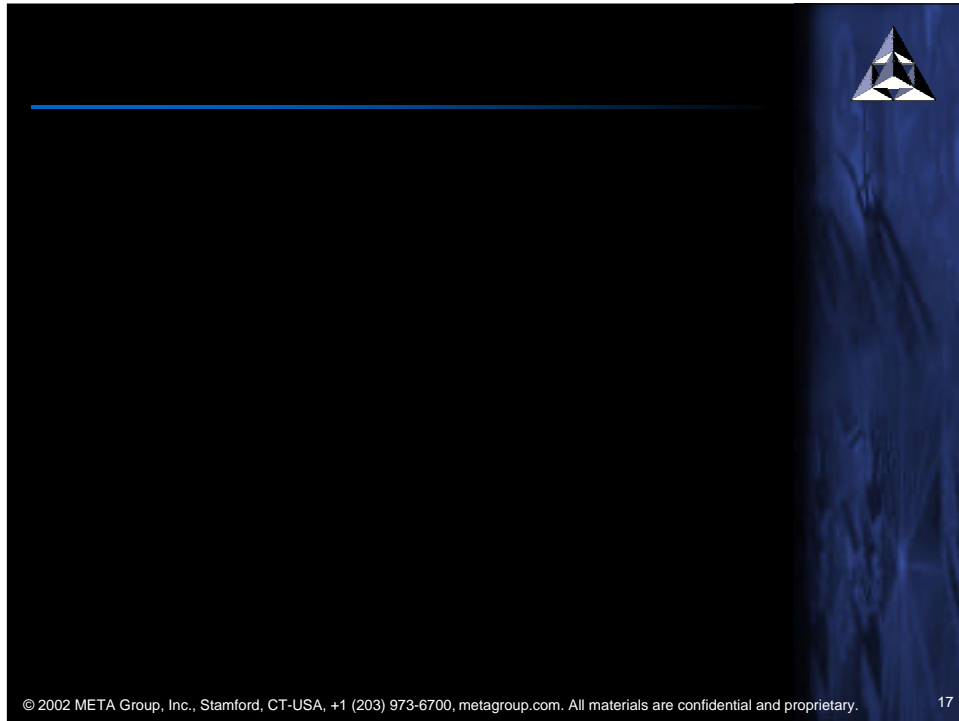
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### ***Risk Management***

- ▲ ***Security is a single component*** of technology risk management
- ▲ ***Get business colleagues involved*** in RM process
- ▲ Lack of appropriate investment in RM equals ignoring (or accepting) risk
- ▲ People, process, technology, or program ***changes may dramatically increase risks or upset balance***
- ▲ Security and disaster recovery ***failures are growing in number, size, and visibility***
- ▲ ***Set reasonable expectations; 100% risk avoidance is not possible***

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### **Things to Do Tomorrow**



1. Hire IT RM czar and align w/program RM practices
2. Elevate RM (BCP/DR & security) to CIO staff function
3. Identify ownership and value of info assets
4. Conduct BIA/RM assessments and balance cost of controls and level of risk tolerance
5. Continuously monitor and report
6. Adapt RM controls/funding into IT asset lifecycle
7. Task IT steering committee to review RM program
8. Get business leaders involved!
9. Determine appropriate investment level and spend it — urgently!

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### **Proposed Benefits vs. Results Management**



- ▲ Projects often labeled as “successful” even when claimed benefits are not realized!
- ▲ <5% of organizations track it
- ▲ Problem: No accountability
  - ▶ Project team has disbanded
  - ▶ Requires post-implementation time to manifest
  - ▶ Projects viewed only as a cost
- ▲ Are your projects really delivering?

*Realizing the Value*



**Operations must agree to measure manifestation of project benefits — EPMO facilitates loop closure and common repository of all project performance**

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### The Profession of Project Management (PM)



- ▲ Not just a part-time duty
- ▲ Must *not* be the “reward” for excellent technical accomplishment
- ▲ Industry and internal certification
- ▲ Recruiting and people development
- ▲ Clarifying responsibilities of functional vs. project managers

Apply PM Best Practices



**Managers must encourage professional development of project management skills to improve the project delivery track record**

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### Use the Balanced Scorecard approach to create a value plan



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### External Measures: Financial Economy and Customer Effectiveness



#### ▲ Balanced Scorecard Measures *Four Major Aspects of BSC*

##### ▲ Financial Measures:

- ▶ Estimates vs. Actuals
- ▶ Budget Initiatives
  - O&M Decreases
- ▶ ROI on IT Investments

##### ▲ Constituent Measures:

- ▶ Satisfaction, Loyalty, Interaction
- ▶ Calls, Interactions, Services
- ▶ Lifetime Value, 80/20 hurdles
- ▶ Target groups - preferences



### Internal Measures: Process Efficiency and Employee Empowerment



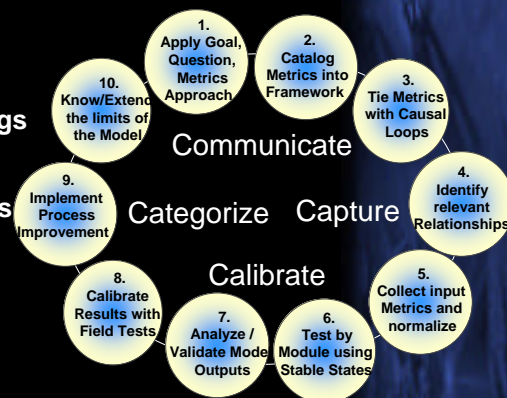
#### ▲ Process Measures:

- ▶ System Reliability, Availability
- ▶ SLA Metrics: support
- ▶ Time to Market
- ▶ Number of Severity 1 Bugs

#### ▲ Employee Measures:

- ▶ Employee Morale, Productivity, Friendliness
- ▶ Retention, Turnover
- ▶ Speed of Learning
- ▶ Adaptability to Changes
- ▶ Knowledge - profile

#### Measurement Practices



**Peak performance requires more than speed — vision provides the compass for the right direction**

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### ***Service Level Agreement Development***



1. **Program strategy**
  1. **Assess Program strategy and requirements**
  2. **Review service impact of service loss/downtime**
2. **Risk Analysis**
  1. **End-to-end program/data flow**
  2. **Assess potential risk frequency and impact**
  3. **Identify possible mitigation capabilities**
3. **Service Requirements Definition**
  1. **Define support coverage**
  2. **Define availability and performance targets**
  3. **Define client responsibilities**
4. **Ensure Performance Measurement/Capture**
5. **Draft/Refine SLAs**
6. **Vendor/Client Negotiation/Sign-off**
7. **Performance Reporting**

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### ***Critical SLA Components***



1. **Introduction (purpose/objective)**
2. **Terms and conditions**
  1. **Effective period**
  2. **Review schedule**
3. **Service definition**
  1. **Service**
  2. **Description**
  3. **Specifications**
4. **Performance reporting**
  1. **Performance (e.g., acceptable, marginal, unsatisfactory)**
  2. **Constituent satisfaction**
  3. **Reporting mechanisms**
5. **Sign-off**
6. **Addendum (e.g., high-level process definitions)**

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### SLA Service Description (Partial Example)



#### Data Center Services

Service	Description	Specifications	Cost
S/390 Production Machine	Ensure production-level availability for 24x7 computing environment and support to provide batch and online facilities.	Systems available 24x7.	Chargeback based on a fixed price per term.
Production CICS	To provide online service for all the company's users.	CICS available 7 am to 8 pm, Monday through Friday.	Chargeback based on a fixed price per term.
Development CICS	To provide online access to developers for unit testing and program changes. Development batch testing is done against the databases associated with this region.	7 am to 8 pm, Monday through Friday.	Chargeback based on a fixed price per term.
Backups	Backups of critical components will be conducted according to schedules.	<ul style="list-style-type: none"> <li>Backups must be complete after each online session and prior to 7 am, Monday through Friday.</li> <li>Backups must be complete after all overnight batch processing prior to 7 am, Monday through Friday.</li> <li>Operating system backups must be done weekly.</li> </ul>	Chargeback based on a fixed price per term.

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### What Service Levels Should be Negotiated?



#### ▲ Conventional/Operational Infrastructure Service-Level Metrics

- ▶ Scalability (throughput and response time)
- ▶ Availability
- ▶ Recoverability

#### ▲ Extended Infrastructure Service-Level Metrics

- ▶ Security
- ▶ Integrity
- ▶ Integrability
- ▶ Usability
- ▶ Sourceability
- ▶ Supportability
- ▶ Affordability
- ▶ Speed of initial development
- ▶ Deployability

#### ▲ Adaptive Service-Level Metrics

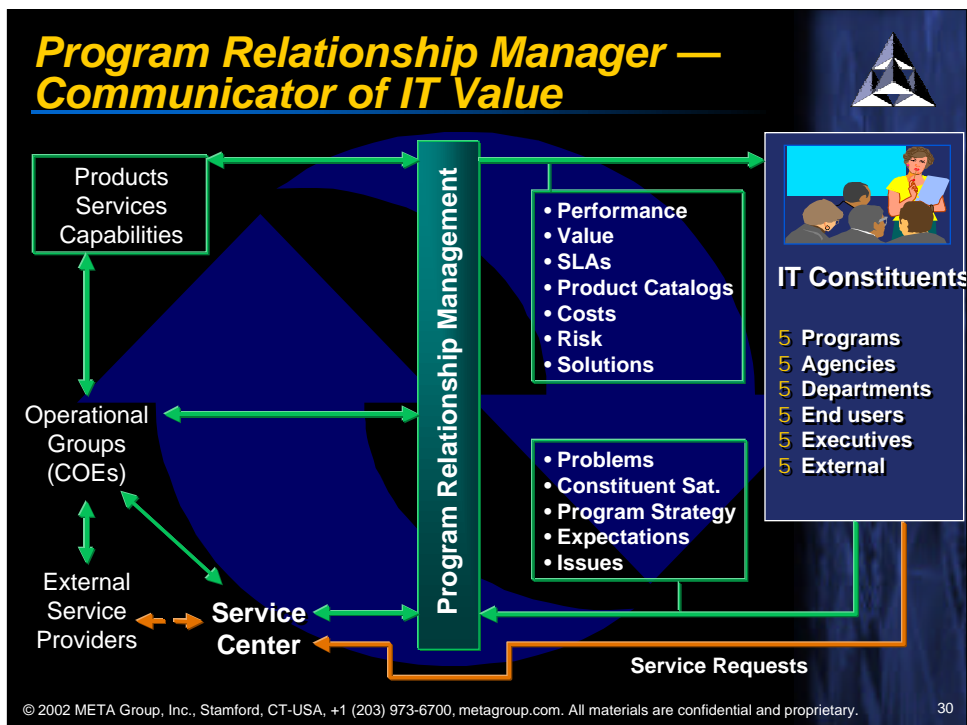
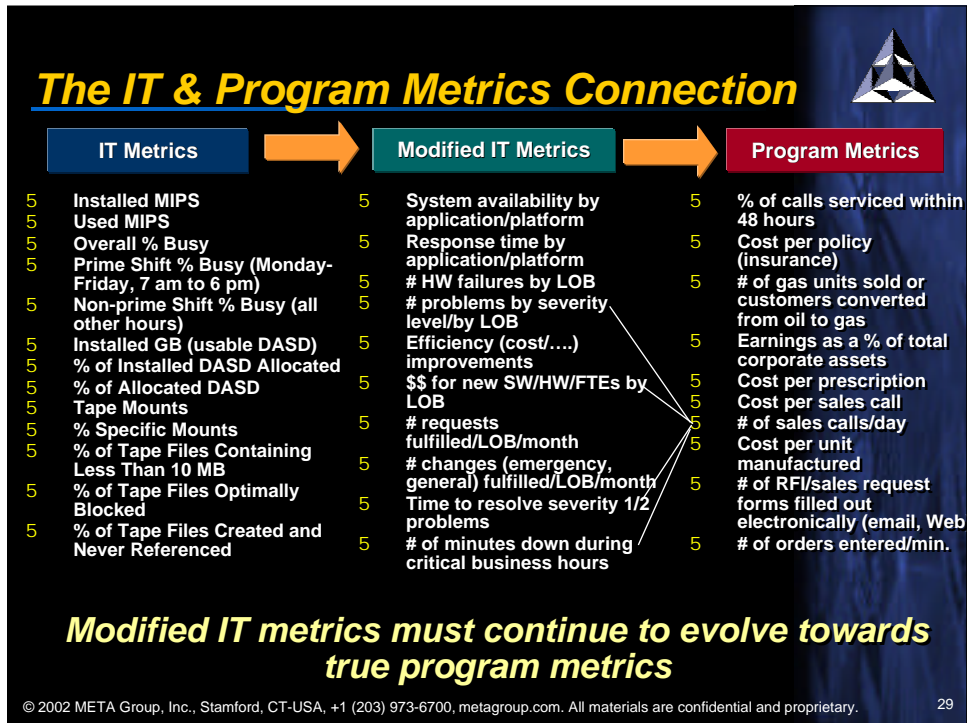
- ▶ Incremental "capacity on demand" for any service level
- ▶ Changing program logic
- ▶ Changing presentation logic
- ▶ Upgradability
- ▶ Integrating new sources/constituents into the application

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### **The Seven Rules of Relationship Management**



- ▲ All program relationships are economic
- ▲ In the absence of a compelling value proposition, cost determines value
- ▲ **Commitment** is the key to building and sustaining relationships

Performance is the key to realizing value

Individuals buy; groups only pay

**Relationships taken for granted have no value**

Competition is the only guarantor of value

**Understanding and applying the seven rules will enable strategic relationships with the program**

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### **BRM Best Practices/Roles**



- ▲ Has **no direct reports**
- ▲ May interface to multiple customer constituencies
- ▲ Must **report to the IT** organization
- ▲ Often has a **non-IT background**
- ▲ Typically must be “grown” internally
- ▲ Evaluation based on **customer satisfaction**
- ▲ Creates/maintains service catalog offered by the organization
- ▲ Formulates and maintains an appropriate service level structure
  - ▶ SLA (e.g. service based, customer based or multi-level)
  - ▶ Operational level agreements
  - ▶ Support third party supplier/contract relationships
  - ▶ Accommodates any existing service improvement plans/programs
- ▲ Produces regular reports on service performance
- ▲ Reviewing outstanding actions with current performance
- ▲ Primary interface for **pro-active relationship** management

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### **BRM Skill Sets**



- ▲ Conversant in **both** “business speak” and technology
- ▲ **Relationship Management skills**
- ▲ Good understanding of the IT Providers services
- ▲ Understanding of the Customer's business and how IT contributes
- ▲ Excellent communication and **negotiation skills**
- ▲ Patience, tolerance and resilience
- ▲ Knowledge and experience of contract and/or supplier management
- ▲ Good people management and administrative skills
- ▲ Good understanding of statistical and analytical principles
- ▲ Good presentation/numeric skills
- ▲ Ability to interact successfully with **all customer levels**
- ▲ Reasonable technical understanding and the ability to translate
- ▲ Innovative in respect of service quality
- ▲ **Good listening** with the ability to apply the knowledge gained
- ▲ **Even-handed and fair** in dealings with other parties.

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### **Transforming While Performing**



***Leaders are required to bridge the gap between moving toward a bright new future and maintaining required performance levels***

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### **Leadership Behavior**



- ▲ **Researching**
  - ▶ The ability to quickly gather information from a **broad variety** of sources, **analyze it, and synthesize** a method or model that solves a problem or various problems in a creative or **innovative manner**
- ▲ **Interviewing**
  - ▶ The ability to formulate questions used in conversation to **elicit facts** or statements from another individual, and a **willingness to listen** to what the individual has to say
- ▲ **Engineering**
  - ▶ The ability to apply principles of **logic**, science, and mathematics to the understanding of systems and processes to improve them
- ▲ **Lecturing**
  - ▶ The ability to expound on an important subject delivered before audience members to inform and instruct them, and **convince or persuade them to further action**

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### **Leadership Behavior (cont.)**



- ▲ **Arbitrating**
  - ▶ The ability to **reconcile the differences** in components of networked resources or assets to achieve a common objective
- ▲ **Coaching**
  - ▶ The ability and willingness to **transfer knowledge** about a subject to individuals, enabling them to succeed at a given task, and (if necessary) to identify their weaknesses and aid them in correcting those weaknesses
- ▲ **Organizing**
  - ▶ The ability to **put things together** in an orderly, functioning, and structured whole

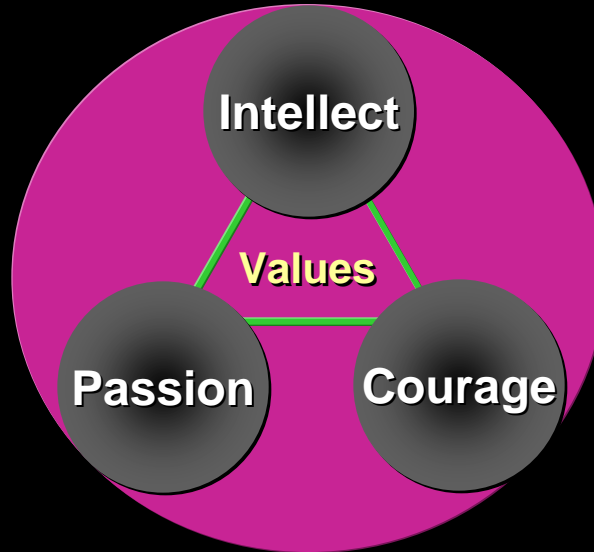
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### ***Leadership: Key Talents and Values***



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### ***Transformation Planning***



1. Inventory & Document
2. Identify gaps & exposures
3. Position your case
4. Establish a communication strategy
5. Execute on the plan

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