

CIOs Need to Focus on the “New Normal”

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Tight budgets, the specter of uncertainty, higher customer expectations and increased pressure to do more with less are just a few of the challenges facing IT managers today. On top of this, they must continue to develop an organization that can be effective in a business environment that is increasingly ambiguous and reactionary.

In order to be successful in the “new normal,” IT leaders must stop trying to do 1,000 things at once and focus their efforts on a few critical areas which include the following:

Talent Retention and Development – When the economy began to tank nearly two years ago, companies responded by performing radical surgery in every functional area of their business, resulting in the decimation of many IT organizations. As the economy shows signs of improvement, discussions about technology investments and strategies, once put in mothballs, are starting to reemerge. However, with many companies still unwilling or unable to take on the risk of increasing technology budgets, IT managers must leverage their existing budgets to do more while also dealing with high levels of staff turnover which typically accompany economic upturns.

Talent retention and development is no longer a secondary consideration but must be a foundational element of the IT manager’s play book in the near to mid-term. Fortunately, there is a common sense approach to addressing this challenge:

- Identify the critical positions for both leadership succession and technical skills. Make sure that job descriptions are in place and approved.
- Define a skills matrix for each position including the critical soft and hard skills required to be successful in the roles identified.
- Identify two to three candidates per position and assess their capabilities versus the skills matrix. Positions where there are not two or three available candidates should be put on a priority list to be filled as funds become available through attrition or growth.
- Develop and execute robust development plans linked to the skills matrix for each of the high potential candidates.

Business Alignment – Prior to the economic downturn, business/IT alignment was a challenge. Now and in the near future this gap will become even more critical as responsive and agile businesses gain the tactical and strategic advantage in an uncertain world. To thrive in this new environment, the IT organization must be at the table, completely in sync with the needs of the business and just as accountable for the success and failures of corporate strategies and business plans. Everything from operating platforms to data and knowledge management systems to analytics/business intelligence will be required to execute dynamic business plans.

Gone are the days where a three to five year plan could be created and then cascaded to the IT organization along with annual project plans. Going forward companies must create high performing business processes in everything from value-added operations to back office financial management systems.

Companies that successfully create agile business management and IT organizations will be the winners.

Even more, IT leaders must recognize they can no longer operate as a separate functional support group. Conversely, business executives must recognize that IT is no longer a staff function but the key enabler to rapid decision making, market responsiveness, innovation, competitive and business intelligence and value delivery to customers. As an example, the traditional organizational structure of operations being “owned” by IT is no longer adequate. Operational excellence is a joint collaboration between technology and transactions. Technology is a critical, embedded element of

operations in the enterprise of the future and companies that recognize this will create operating models which far outperform their competition.

Lean and Mean Technology – In addition to IT managers being concerned with retaining talent and becoming more integrated into the management of the enterprise, they must continue to maintain their laser-like focus on running lean. Budgets are not likely to increase substantially in the near term and yet IT organizations will be required to take on an ever-increasing number and complexity of needs. This conundrum will seem daunting but it need not be. There are many IT organizations that are just beginning to adopt tools and methods that have historically been leveraged only in operations and back office:

- *Lean Application Development (LAD)* – Based heavily on the principles developed at Toyota, LAD is focused on a simple yet challenging concept: stop doing things that don't add value for the customer. In IT this means stop building in features that are not needed, stop writing extensive business requirements documents that, undoubtedly, will be changed. Instead, build requirements as they are needed or just in time. Stop task switching and build small amounts of rapidly deployable code that can meet the requirements of testing. While there are other concepts within LAD, this provides the basics.
- *Lean IT Operations* – This is the more intuitive application of Lean within IT. By reducing wasted efforts, it makes sense that more can be done with less. Simply reducing the number of steps needed for a software change or to stand-up a server can lead to significant improvement in the amount of time required to complete these tasks. And even more importantly, these improvements can be done in hours or days leading to rapid improvement in productivity, quality and responsiveness.
- *Lean Project Management (LPM)* – One of the most controversial elements of becoming Lean is in the project management world. Decades of thought leadership about the need for command and control have created significant resistance to the adoption of LPM. And rightfully so. As most projects, even with the command and control structure, do not meet the needs of the customer in the end. They take too long, cost too much, or don't deliver the results that were identified in the business case.

To truly become Lean and transform the culture of IT organizations it is more important that IT managers recognize that more control will not succeed in improving the outcomes and responsiveness of the projects. In the end, each project is undertaken at the request of a customer and the customer is the only one who can define the activities in any project as value-added.

IT leaders must begin to shift the thinking among their project management teams that success is defined by adding the maximum value at the least cost. It may mean less control and more focus on orchestrating the realization of value derived from the project with minimum delays, errors, hand offs, decision points, work in process (unfinished tasks) or over processing (meetings, emails, etc that do not directly add value to the end product).

There is no question that IT organizations will continue to be faced with unprecedented change and demands on resources. But IT managers will no longer have any wiggle room when it comes to responding quickly, delivering maximum value with minimum cost and resources, while also becoming more prevalent in the overall strategy of the business. In order to accomplish all of this, the thinking that once made IT organizations and their managers successful will no longer be enough.

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About Guidon Performance Solutions:

Guidon is a global management consulting organization that helps clients achieve rapid, sustainable improvements in operational performance and growth. Guidon pioneered the combined application of Lean and Six Sigma in the service sector and has a proven track record working with clients in financial services, healthcare, government, retail, technology and other service organizations. With a full-spectrum of capabilities focused on people, process, and technology, Guidon provides strategic direction and hands-on implementation to guide cultural and organizational transformation. Guidon's approach, aligned with client leadership, generates measurable results including revenue growth, cost reduction, productivity improvement, increased customer satisfaction and innovation.