



Make ***Excellence*** . . .  
. . . a ***Habit.***

## 7 Habits of IT Excellence

- ◆ ***Build*** Trust
- ◆ ***Create*** a Proactive Culture
- ◆ ***Understand*** the Company's Business
- ◆ ***Align*** with the Company's Goals and Objectives
- ◆ ***Lead*** People – Manage Things
- ◆ ***Adapt*** to Change
- ◆ ***Embrace*** a Passion for Learning & Improvement

**I**n Part I of IT Business Alignment (ITBA), we discussed What ITBA Is, What ITBA Is NOT, and proposed these working definitions.

### **IT business alignment** (ī t - biz' nəs - ə līn' ment) **nouns**

1. the cooperation and coordination between executives/leaders in business units, departments, etc, and executives/leaders in *IT Solutions Development organizations* to periodically determine/resolve business priorities and reach **agreements** as to which *mix of projects* to undertake that best supports business strategies/model, tactics and annual plans/objectives for a defined IT budget and resource level.
2. the cooperation and coordination between executives/leaders in business units, departments, etc, and executives/leaders in *IT Services Delivery organizations* to periodically determine/resolve business priorities and reach **agreements** as to the appropriate *service levels* to provide that best supports business strategies/model, tactics and annual plans/objectives for a defined IT budget and resource level.

These definitions met our key concepts requirements which were:

1. to be specific, measureable, achievable, and realistic – *meets all*
2. to answer 'what' components are aligned – *strategies/model, tactics and annual plans/objectives*
3. to answer 'who' must reach an alignment agreement – *business and IT executives and leaders*
4. to recognize the agreement is based on current priorities that can change – *periodically (determined by each company)*
5. to recognize limitations in resources – *defined IT budget and resources*
6. not to include IT execution criteria – *meets*

In Part II, we will discuss 'How can organizations establish IT business alignment?'

## Part II – How Can Organizations Establish IT Business Alignment?

We continue ITBA - 'Search for the Holy Grail' – IT business alignment with other organizations.

So are you a CIO with poor ITBA or just needs improvement? Based on experience leading these efforts in four different organizations and learning from some "hard knocks", here are seven action areas for CIOs that want to create or improve ITBA:

### 1) Evaluate Drivers and Barriers for All Areas that Need ITBA

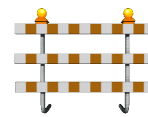
Before getting started with 'how to', understand certain conditions exist inside organizations that are *drivers* or *barriers* for ITBA. Think of drivers as conditions that make it easier, but not impossible if absent, for ITBA. Barriers are conditions that may prevent ITBA or make it more difficult. These evaluations will be helpful in determining a strategy for success in Step 3. The most important are:

#### Drivers



- Business executives and leaders understand and support IT
- IT executives and leaders understand the business – strategy/model, processes, etc.
- ITBA a priority for business executives and IT executives
- IT executives participate in developing business strategy, model, goals, etc
- Individual business and IT MBO incentives support ITBA
- IT demonstrates leadership depth and breadth
- IT has a track record of delivering on commitments
- Active process to measure ITBA

#### Barriers



- Business units and departments are not well aligned
- Business and IT executives and leaders do not trust each other
- Business and/or IT culture and decision making highly political
- IT organization relegated to a 'vendor' instead of a business partner
- Lack of consistent and repeatable project portfolio management process
- Lack of consistent and repeatable project governance process
- Lack of consistent and repeatable service level agreement process
- Poor or no definition of ITBA

It is imperative for IT executives and leaders to understand which drivers and barriers exist. Periodically, evaluate drivers and barriers for each business unit, department, etc. that needs a high degree of ITBA. Take actions to create and continuously improve drivers. For barriers, take actions to eliminate or continuously mitigate.

Difficulty of this step – moderate.

### 2) Establish ITBA and Sell to All Stakeholders

- a) *Make ITBA a CIO priority or it won't be a priority at all.* To permanently establish ITBA, it *cannot* be accomplished from the 'bottom – up' in an IT organization because of the perceived risk, difficulty and commitment level in other organizations. IT organizations tend to be risk adverse and maybe

rightfully so. But avoiding ITBA can be costly. All valuable changes need a champion and the CIO has to champion ITBA.

- b) *Get 'buy in' from the business stakeholders.* As champion of this effort, CIOs must 'sell' the change to the CEO, line of business heads and peer executives. Once these stakeholders are bought in, use the stakeholders to help sell ITBA to their organizations.
- c) *Get 'buy in' from within IT.* CIOs should task their brightest individuals and teams in solutions development and service delivery with implementing ITBA. This forms a two prong attack in establishing ITBA.

Difficulty of this step – moderate to difficult.

### **3) Determine a Strategy for Success**

- a) *Pick a 'land and expand' strategy.* In this strategy, the plan is to minimize risk early in implementing ITBA by going after the 'low hanging fruit' first and then addressing the more difficult areas. This strategy builds momentum and credibility by getting some early wins, although the early benefits may be more modest.
- b) *Pick a 'storm the beaches' strategy.* This strategy is more aggressive and, therefore, has more risk. But it also shows that the CIO is very serious about ITBA, and the benefits achieved in the first year are more robust than the previous strategy. Experience proves this strategy successful because it helps break down any barriers in changing old habits very early.
- c) *Be careful picking a combination of a. and b. strategies.* This strategy would send a possibly unrecoverable mixed signal to all stakeholders.

Difficulty of this step – moderate.

### **4) Establish Competency**

- a) *Create new or enhanced project portfolio management, project governance, and service level agreement processes that are consistent and repeatable.* As described above, this new direction impacts the processes in the software development and infrastructure/operations organizations. Incorporate these new processes with the methodology you follow – Capability Maturity Model (CMM), Information Technology Infrastructure Library (ITIL), Microsoft Operations Framework (MOF), etc.
- b) *Get or enhance a toolbox.* Along with these new/enhanced processes, the team will need some tools, other than Word, Access and Excel, to assist them in ITBA efforts. Experience indicates tools that are integrated will reduce the ITBA efforts versus 'best of breed' approach.
- c) *Train, train, and train some more.* CIOs will find most business and IT leaders, and others involved in ITBA do not have sufficient experience or training in the new processes or tools. Provide beginner, intermediate and advanced training in both.

Difficulty of this step – moderate

## 5) Incent Your Team

- a) *Put ITBA in the Performance Evaluation Process.* As noted in the definition of ITBA, this effort is people intensive supported by processes and tools. Especially in performance and feedback process for IT leaders involved in ITBA, the success, or lack thereof, should be part of at least their annual evaluation.
- b) *Provide monetary MBO incentives.* Establishing a high degree of ITBA can be difficult, but success provides value for the business and credibility for IT. Although these benefits motivate most CIOs, the benefits may not be sufficient motivation for everyone. To insure success, CIOs should work with peers in Human Resources to develop some meaningful, monetary incentives for the people and teams directly involved in this effort's success. The business and other stakeholders should support the incentives. Once a CIO has properly sold the benefits of ITBA, nothing short of total success will be acceptable.
- c) *Provide recognition and career incentives.* Along with the monetary incentives, CIOs and teams can develop additional recognition and/or career incentives for the people directly involved in the change. When significant milestones or savings have been achieved, recognize the efforts of people and teams in a company or IT all hands meeting. Make it a BIG deal. Peers in Human Resources can also craft possible career incentives including new career paths and positions, training, and certifications.

Difficulty of this step – moderate to difficult.

## 6) Measure, Report and Celebrate Value of Successes

- a) *Set goals and define measurements of success in Business Terms.* Listen, this step may be the most important step after selling ITBA and selecting a strategy. CIOs must set specific, measurable, achievable, realistic, and timely goals (SMART), and must know when they have success and/or significant progress. The goals and measurements must be in business terms - not IT speak.
- b) *Collect and report measurements at least quarterly.* CIOs should not make the mistake of going nuts in collecting data and reporting on these goals so that it creates an administrative nightmare. Depending on which strategy was deployed, reporting quarterly on the Land and Expand strategy may be sufficient as opposed to monthly for Storm the Beaches. Pick the time frame that works for IT and the business, yet keeps momentum for ITBA.
- c) *Communicate in Business Terms the successes and value achieved.* CIOs seeing success in this effort tend to communicate and promote, then communicate and promote again, the progress and successes in ITBA. Strategically pick the time, place, and media used for communication so it reaches the largest and most influential audiences. Recognize the people that contributed to the successes in a public forum, business, IT, or both. 'You cannot over communicate'.

Difficulty of this step – minimal to moderate.

## 7) Be Prepared to Remove Any Political Issues

CIOs must resolve political issues within the IT organization and within the business. Regardless how well a CIO has sold ITBA or how well the value and successes are communicated, a 'doubting Thomas' or two may exist that try to stonewall or totally derail the effort. CIOs can remove these barriers by cultivating allies and supporters to counter any 'doubting Thomas', as well as resolving any other political issues. Successful CIOs do not let these issues smolder and get out of hand! They address and/or remove the issues sooner, not later.

Difficulty of this step – minimal to difficult.

### Summary

Much has been written, but much less resolved, about this perennial top five IT issue reported by Gartner, Meta, Forrester, CSC, CIO Magazine, academia and others. By the way, IT business alignment (ITBA) is not just an IT issue, it is a business issue. Alignment is needed across all organizations in a business. Every business wants to be successful as defined internally, and by its competitors, the market, its owners and its customers. Highly successful companies can trace their success to being - first, very effective, and second, adequately efficient - "*doing the right things - right*". The better the alignment between organizations, the more *effective their* execution, and successful their results. While the importance of alignment is undeniable, adequate attainment has been elusive. Following the seven steps outlined above will improve a CIO's success and credibility.

After three decades of experience with 'Big 8' consulting firms and CIO of Fortune 500 and high growth, mid-cap companies, Ross excels at delivering outstanding information technology (IT) value to the Business while building *excellence* in IT organizations - running all aspects of IT like a business. He has industry expertise in several areas including oil and gas, high-tech, telecommunications, consumer products, logistics and airlines. Besides for leading all aspects of IT - strategy, finance, people, solutions and services - Ross also led many, critical IT and business transformation initiatives – all successful. While CIO and Executive Planning Committee Member at Southwest Airlines, the company grew over 15% annually and was consistently one of Fortune's Most Admired Companies, and a Fortune and Computerworld Top Companies/IT Organizations to Work For in America. Southwest and IT also won several CIO Magazine 100 Awards for Supply Chain and Customer Initiatives. He is currently the Founder and CEO of the Palomino Consulting Group, [www.palominoconsultinggroup.com](http://www.palominoconsultinggroup.com) .

