

IT Governance – Current Perspective

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By:

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These days a good deal of my time is spent in discussion and in engagements on IT Governance. Why, because when business was going well it was real hard to discuss the governance process if there wasn't one. Business was good therefore management was/must be doing the right job of stewardship of IT resources. If even asked about, the response was something along the lines of: "our group is 1) making money, 2) on budget, and 3) our expected results or close enough. Thank you for asking".

In my view, a great opportunity was missed since IT Governance is focused on delivering value and measuring performance it is just easier to have those discussions when the cup is running over vs. getting empty. These days, sounds like every conversation between IT and the business on governance seems like a threat when it should be a chance to demonstrate great leadership and partnership.

This is not 20/20 hindsight on my part, it is from experience, since this is not the first time the market or business experienced a sharp decline. In its best form, Governance is about the three C's: Competence, Competition, and Capitalism.

That leads to the some of the typical questions that I suggest an organization ask the project sponsor and team to determine value and performance impact, I also suggest obtaining the broadest participation as reasonable in answering those questions leading up to the funding decision.

Capitalism:

- How much money are we going to make from this? For how long?
- How much does it lower our costs? What costs are eliminated? And how soon?
- How much implied interest is charged for funds to do the project?

Competition:

- Are we first to market, second, or trailing the field?
- What if we don't do the project or make the investment?

Competence:

- Do we have the skills in our group to make it? Does another group in the company have the skills?
- How long before we can see tangible evidence of success?

A few signs of good governance:

- Using Project Management consistently across the enterprise (not just for IT) - You cannot manage what you cannot measure.
- Some projects get cancelled quickly as a regular 3C review determines that expected economic benefits are not going to be realized. Some people mistake this as “failure”, but its not. Who is right 100% of the time anyway?
- Managers who bring only “low risk” keep up with the competition initiatives are moved out after a few years, since leaders need to be innovators and risk takers not followers.
- Increased communications in middle and upper management to shared lessons learned and skills needed to reduce cost and risk and time to market of proposed projects.
- Everyone feels it’s a level playing field, so as markets change the funding follows.
- Zero based budgeting – Justify why a business needs the level of funding each year.

I did not share the horror stories out of respect for the fallen, but I am happy to hear about yours.

What do you think? Let me know barry@forwardcast.com.