

The)IT(Organization

BY: HENDRIK VAN WYK - FOUNDER AND PRESIDENT



Hendrik van Wyk
Cell: +14036058343
Email:
hendrik@theitorganization.com



Address:
103 Crystal Shores Drive S.
Okotoks, AB T1S1X9
Canada

I.T. Organization: Surviving the Generation Gap

Companies are reinventing themselves according to a new economic rule book of being green, lean, efficient, innovative, responsible, responsive, agile, connected, abundant and highly technology and information driven. This has dire implications for I.T. Management as we know it. C.I.O.'s not aware of the implications for their organization risks not surviving the generational gap. *(Extract from Blog Entry, 27 June 2008)*

Corporate I.T. in Trouble

A good friend of mine suggested the other day that we collaborate on penning a "Manual for I.T. Management". Surely, with so much confusion and complexity in this industry, such a publication should not only prove invaluable; It should also be popular with many I.T. Professionals and Managers trying to make sense of their business and their place within these businesses - a best seller! It will be for people who are battling each day to navigate the maze of process, methodology, framework, hot air, management incompetence and the ever

changing flavor of the next imminent organizational change.

Twelve months ago I would have jumped at the opportunity, hopeful that I can still make a difference in an industry that desperately needs all the help it can get. However, with two more frustrating client engagements in the bag, I am becoming more cynical than before. It appears that we are making the same mistakes over and over.

Every new I.T. Manager needs to be taught common sense all over again, stripped from hype, jargon, models and frameworks that hinder more than it helps. I am close to writing an obituary



for the corporate I.T. department and the way we know it. We honestly cannot continue down the path on which we are now.

I have been of the opinion for quite some time, that the traditional corporate I.T. function will probably not survive the next wave of business evolution. It will become a corpse regardless of the good-willed smart individuals that are disparately trying to get the current I.T. machine working - people that have seen the light amongst the unnecessary complexity and inefficiency.

With companies in a global economy imminently under pressure from completely different fronts than the traditional cost cutting, and the finding of new markets, their corporate I.T. departments will face demise for failing to meet expectations, and for failing to re-invent themselves alongside a changing business dynamic.

Companies are reinventing themselves according to a new economic rule book of being green, lean, efficient, innovative, responsible, responsive, agile, connected, abundant and highly technology and information driven.

The days of scarcity are over. Access to technology, tools, processing, storage, information and knowledge is expanding faster than we can keep up. It is happening much faster than corporate I.T. ever imagined it will be able to control. The emphasis is on control. You cannot control something that is freely available, in abundance, growing, and accessible wherever your workers go.

This phenomenon is giving rise to some strange scenarios.

For instance:

- Your home computer is probably overshadowing your work computer in almost every facet: Processing, software, functionality, network access, telephony, security, and more.
- Network access is ubiquitous wherever you are except at your office, where you are severely constrained and restricted on what you can access and where. This happens while your every move is logged and monitored, and probably also reported.
- Your public Facebook profile may contain more personal information about you as person than your corporate human resource system hosts about you as an employee.
- Your online friends knows more about you than your manager.
- Your mobile phone has more storage for messages and email than your corporate email account allows. This doesn't even consider that your personal account and storage capacity with Google, .Mac or other public communication services probably offers unlimited storage (and better security).
- You may still have an outdated technology called a telephone at the office, while at home you can freely communicate via voice and video using tools like SKYPE, Google Talk and others at a fraction of the cost your company is paying for an antiquated corporate VOIP solution (if you are lucky enough to have a VOIP solution). Did I mention that you can now see your mother in law halfway around the world in high definition on your plasma screen while talking to her over the Internet?
- You collaborate and communicate more with your virtual acquaintances over the Internet to solve a work problem, than you do talking to your colleagues at work. Your Linked-in and Sourceforge knowledge bases probably exceeds your allowable corporate knowledge resources.
- You have an ergonomic chair for your home office, and are lucky to have a comfortable chair and desk for your 2 by 2 cubicle at work.
- You use an online Accounting and CRM solution for your wife's home business from a company that is merely a name in cyberspace, while your employer is expending millions on their next accounting system's upgrade, if only to stay in sync with the package vendors latest platform whim.
- At home you are a happy and productive Mac user. At work you curse every moment with your severely restricted, antiquated, complex and frustrating Windows machine.
- Your home media storage exceeds the capacity of your allocated company shared network storage.



As individuals, privately we have more "unsupported" and "unmanaged" technology at our disposal than most I.T. departments are capable of effectively managing on any good day. Somehow, inexplicable to corporate I.T. executives our world outside corporate I.T. not only continues to function; In fact, it is thriving and out pacing our company's I.T. infrastructure. It is empowering us as private individuals beyond what we will ever be entrusted with by our I.T. department at work. With this in mind, I.T. departments are risking becoming a laughing stock to their clients and workers. For most companies their I.T. is merely a risk to be managed, and a millstone around the necks of those preparing to take off for the future.

The I.T. department is failing by offering painstakingly slow and complex traditional answers to these new pressures, and it doesn't know which way to turn to solve this problem of being outrun in what used to be their own game.

There is an answer. It is called the Third Generation I.T. Organization.

- This imminent change is mandatory for every I.T. organization that wishes to compete or remain relevant in the future of the businesses on this planet.
- In this blog entry I will discuss the position of the Third Generation I.T. Organization relative to that of the preceding organizations. I will offer some pointers on why we have to respond to this call for a new way of thinking of managing our I.T. Lastly, I will close with a direction on how we should prepare ourselves as organizations and Professionals to make the most of this imminent opportunity ahead of us.

First Generation I.T. Organization

My efforts has been an ongoing crusade to liberate companies from First Generation I.T. organizational thinking.

The 1st Generation I.T. Organization is the prevalent I.T. organizational model today. Ironically it is the model that delivers the least value to its stakeholders and participants.

This organization is founded on control through complexity, overstated risk and by the fear of the unknown. It is ruled by the personal power of its management. The Generation 1 I.T. department works from the premise that technology is out there to get you. It is they, the gatekeepers, that keep you and your business safe.

Managers typically come through the technical ranks of these organizations. As a result of their technical abilities and the organization's dependence on their "proprietary" knowledge and understanding of the company's systems, they are promoted to positions of authority, overseeing the work of others. These managers tend to hire more people like themselves into their teams.

Breaking free from these shackles typically requires reformatory intervention, and organizational open heart surgery. Only open minded progressive managers survive when the premise for this organization is challenged by more mature future Generations. The business is calling for deliverance and liberation from this type of I.T. Organization.

Characteristics:

Generation 1 organizations will exhibit many of the following characteristics to some degree.

- Doing things in-house is preferred: The company with a Generation 1 I.T. model falsely considers its I.T. function as a "strategic" asset instead of effective I.T. being considered as a business strategy. I.T. assets are rarely strategic. The I.T. department obliges and insists on building bespoke applications, re-engineering and over customizing package applications and owning all infrastructure for their own "unique" purposes. The business is perceived "unique", and therefore the company employs a significant complement of I.T. staff to do tasks, and maintain solutions that are "custom". Many of these could easily have been sourced from a specialist provider in the market.
- There is no clear functional delineation of duties in the organization: Most staff are required to fulfill most functions. For example: A staff member may be required to design, develop, support, administer and project manage. The I.T. organization is highly



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dependent on its “specialist” staff that have been there usually for many years engineering, reengineering and over engineering custom solutions.

- Operations and Change functions are blurred: The same teams and individuals are charged not only with implementing and evolving a solution, but also with administering and operating the solution. This leaves the company's solutions vulnerable to group think with little or no checks and balances

between people modifying a solution and people operating and administering a solution. Typically, changes are implemented on the fly by the same people that do not think through design and build impacts on a solution's architecture. Testing becomes an afterthought, releases suffer from poor quality, and production systems are vulnerable to failures and outages.

- The organization has poor process maturity: A 1st Generation I.T. organization struggles through non repeatable, highly customized, over bureaucratized process complexity that remains a mystery to most of the operators within the organization and those that are intended to be served by I.T. Merely knowing how to navigate processes in such an organization is considered merit for long term tenure.
- I.T. position descriptions are tool and technology focused with little clarity of the role within the organization or its processes: These position descriptions focus on a Professional's technical knowledge because it is hard to describe role responsibilities within a process that doesn't exist.
- Projects are an I.T. only affair, and not necessarily linked with a company wide portfolio strategy: The value of I.T. projects is not as great as it could be, if there was more active direct involvement from the business. The I.T. organization often operates in isolation from its business customers when projects are initiated or executed. Business stakeholders “trusts” that I.T. knows what is best. There is little rigor to business requirement elicitation and business process analysis. Few “business”

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stakeholders are involved in I.T. projects. The I.T. organization believes it knows what is best for its business customer, and proceeds accordingly. It appears as if the business abdicated responsibility to I.T.

- One typically finds solutions from almost every possible vendor in these organizations: Many different platform investments are made with no clear life-cycle planning. There is little to no formal consideration of strategic architecture investments in line with business strategy. Yet, the solutions that you do find hardly meet the expectations of users.

- These organizations are manager rich and clarity poor: Too many managers are appointed to navigate an immature process maze. Typically these managers spend more time in power struggles with each other, than with their teams on executing quality service delivery. Managers do not understand their roles and

manage by exception and rumor. A standard answer by these managers to solving a problem is to appoint another person in the hope that they will resolve the issue. More and more staff are injected to fix issues, which typically have little to do with the technology or the solution on hand, and everything to do with poor process maturity, politicking and role ambiguity.

- There is a prevailing “them and us” relationship with business customers: The relationship between the I.T. organization and its business customers is typically strained. Each one sees the other as the difficult party. I.T. costs are enormous, and value is perceived to be low.
- Heroism is rewarded in a 1st Generation I.T. organization: The individual that can resolve a crisis is exalted ahead of the individual that successfully avoids a crisis in the first place. These organizations are very proud of their crisis management capabilities. A capability they are forced to exhibit daily.
- These I.T. organization's are person, task or product oriented instead of services oriented: When positioning themselves with clients (internal or external) to the business they over emphasize the abilities of their consultant, or the features of their tools, instead of delivery performance and customer delight.
- Separation of the I.T. organization into an infrastructure and applications department: Infrastructure and software are managed separately even through functional activities (and even skills sets) are duplicated in many instances. This can evolve to the extent that two separate I.T. organizations co-exists.

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- The business with this type of an I.T. organization manages its I.T. function as a risk, instead of as an asset: They never know what will happen next. Every event is usually a costly experience regardless of it being a new implementation or mitigating an existing crisis.

Second Generation I.T. Organization

The 2nd Generation I.T. Organization is better managed than the previous Generation. It recognizes that functional delineation, focused staff, process maturity and clearly defined performance indicators provide the foundation for effective service execution.

Really outstanding organizations can also point toward data driven, customer service focussed, continuous innovation in everything they do.

Managers in the 2nd Generation organization are specialist in their own right, each focused on their specific management portfolio and clearly defined deliverables and outcomes. They appoint well balanced teams with a variety of skills that compliment those of fellow team members.

Most I.T. organizations strive towards this efficient I.T. service delivery model.

Characteristics:

- Process Maturity is higher: The 2nd Generation organization is more mature, and typically operates at [CMM](#) (Maturity Model) level three and upwards. I.T. functions are clearly delineated between “Change” activities like Programs, Projects and Minor modifications and “Operate and Support” activities. These organizations have succeeded in adopting industry standard service operating frameworks for Change ([SDLC](#)) and Operations & Support ([ITIL](#)).
- Functional alignment: A 2nd Generation I.T. organization sees value in functionally aligning common activities in the organization to drive out cost and improve resource utilization and efficiency. Operations functions are aligned and grouped regardless of technology elements, because the job remains basically the same across platforms and architectures. “Change” functions are aligned with business strategy execution coordinated within a portfolio of work, and supported by a common Project Management Office ([PMO](#)).

- Organization Roles are well defined: Because the I.T. organization's functions are defined and operate within well established process frameworks, roles are easier to define as well. Position descriptions include both technical requirements and role competency expectations. Employees in these organizations know how they fit into the business of I.T., and know what is expected

of them in their roles each day. They know how they are expected to contribute to the success of their service offering. They are not expected to operate in a range of responsibilities and are afforded

the opportunity to specialize in roles aligned with specific functions.

- Outsourcing: There is a level of outsourcing of typical infrastructure elements and services as well as software development and support. This necessitates a more mature vendor management approach. The I.T. organization realizes that there are companies that can supply and manage desktops, systems rooms, networks applications, and other offerings better and more cost effective than they can do themselves. Both new implementations and ongoing operations and support services are contracted from vendors in varying degrees of sophistication.
- Operations and Change functions are separated and managed as separate business activities: Different teams and individuals are charged with implementing and evolving a solution, to those that are charged with supporting and operating the solution. This allows for better checks and balances between people modifying a solution and people operating and administering that solution. Change efficacy is thoroughly verified before it is allowed to impact the company's operations. Testing and quality control is integral to the solution implementation process.
- Projects are conceived jointly between I.T. and its business clients: Responsibility for a new solution is shared. There is a tendency to align initiatives, whilst still I.T. managed with a company wide portfolio strategy. There is close interfacing with the business stakeholders for business requirement elicitation and business process analysis. There is also a risk of I.T. projects being directly

Generation 2: Recognizes that functional delineation, focused staff, process maturity and clearly defined performance indicators provide the foundation for effective service execution. Really outstanding organizations can also point toward data driven, customer service focussed, continuous innovation in everything they do.

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run by the business outside the controls of the I.T. organization. Historically this is because many large I.T. projects are directly in support of large business projects, which are for example: Joint Ventures with other companies. In this instance, for cost allocation reasons the budgets and controls are held within the business project. Having the I.T. budget within the business department control has had the historical benefit of access to budget but has the downside of lack of enterprise architectural control and overall optimization of I.T. expense. Mature organizations in Generation 2 put Enterprise Program Offices in place to address this issue with varying degrees of success.

- Platform consolidation: The 2nd Generation I.T. organization understands the benefits of consolidating and investing in a few strategic platforms and architectures. They realize that these investments have to deliver their value. They keep a close eye on the life cycle management of these investments in line with future business strategies. There are fewer architectures and platforms, which make the investments easier to manage and administer. A narrower skill base is required.
- Lower Management Overhead: The management overhead of the 2nd Generation I.T. organization is lower. There are a fewer managers with no overlapping responsibility. Each is primarily concerned with the efficiency of their own operation, and understands clearly how their function interrelates with the other functions of the organization.
- The relationship between the I.T. organization and its business customers is healthy: They remain separate entities, but realize that they are jointly responsible for the effective utilization of the company's technology and information management assets.
- Heroism is acknowledged as response to model failure: Crisis is avoided as much as possible and compliance is rewarded. Building robust processes is honored over prowess at holding broken processes together. Crisis management rarely occurs due to a culture of avoiding and mitigating risks well before they manifest.
- These I.T. organizations are services oriented: They position services to their clients (internal or external) to the business. The I.T. Services Management Framework ([ITSMF](#)) helps them to

define these services for consumption by their business stakeholders.

- Applications and their supporting infrastructures are managed together: The 2nd Generation I.T. organization manages infrastructure and applications together under single functions. The organization realizes that the inherent job of implementing, evolving or operating and supporting these two technology components is not different, and therefore to achieve efficiency, the activities are grouped into common functions that span infrastructure and applications.
- Business and client partnerships: The business with this type of an I.T. organization manages its I.T. function as a partner. It realizes its dependency, and knows that it relies on the success of its I.T. organization to survive as a business. The I.T. business is no longer a risk, but an enabler of business product and service delivery.

Third Generation I.T. Organization

The most fundamental differences between the first and 2nd Generation I.T. Organizations are related to process maturity and the extend of separation between the Change side of the business and the Operations and Support side. This made the I.T. machine more manageable, more predictable, more approachable, and easier to interface with the business stakeholders and drivers of the company.

Generation 3: The role of the I.T. Organization changes fundamentally. It is no longer an organizational unit serving as a support function for the company's business objectives. The I.T. Organization as we know it, mature or not, disappears. It is usurped into what the company does. The lines distinguishing I.T. from business, disappears.

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This means that the 3rd Generation is not necessarily a progression from the 2nd Generation Organization as much as it is an alternative for Generation 1. In fact, it may be easier and provide a much higher return in a shorter timeframe, to merely replace Generation 1 with 3 from the outset.

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In Generation 3, I.T. is dismantled by a mature business taking ownership of its own destiny through an integrated Portfolio of Programs and Projects staffed with business and I.T. implementers (mostly from vendors) as is required.

I.T. is no longer the partner helping its business customer towards its objectives. The business takes ownership of its own interests and the I.T. project organization is usurped into this function.

Similarly, the company recognizes that I.T. operations and support should be left to a vendor specializing in the execution of this as a core product or service. It actively seeks out commoditized industry recognized solutions and suppliers to execute this delivery more economically and efficiently, on its behalf. The company rather invests in core management capability to oversee these vendor relationships as part of the Operations or Financial Management function of the business. It no longer outsources what it doesn't understand, but what it does understand

If you plan to go from Generation 1 to Generation 3 then the C.E.O. will have to be the Champion. The C.I.O. can and should be championing Generation 1 to Generation 2 transformation.

In the Generation 3 I.T. Organization the biggest impact will be felt by the Chief Information Office (C.I.O.) or Vice President (VP) of Technology.

Where the 2nd Generation was concerned with change for the business, the Generation 3 is concerned with change in the business. As companies advance in their technology dependency, they will realize that there is no value in managing the fundamental driver of their business - their technology implementation and evolution - as a separate entity for what they do. It is fundamental to their business, and therefore should be their business. I.T. exists to enable process. If it doesn't, it shouldn't exist.

There will no longer be a case for managing Programs and Projects within an I.T. and business division. A business will incorporate the execution of its strategy and the determinant of its future ability to remain in business, into one entity, responsible for a portfolio of work. I.T., which will be increasingly vendor based,

and business will work as one team. I.T. and business stakeholders will be seen as one by the outsider.

This entity will be lead by the new liberated Generation 3 "C.I.O" - the Chief Implementation Officer - and will be working alongside the C.O.O. or Chief Operating Officer of the current business. Both roles will report to the Chief Executive Officer (C.E.O.). One responsible for the now, and the other responsible for the to-be.

The Operate and Support side of the 3rd Generation I.T. Organization will also see changes. With the departure of the Change side of the business, Operate and Support will end up to be the only remaining classic I.T. services part of what used to be

the 2nd Generation I.T. organization, but It will report into the C.O.O.. There may also be cases where it is lower in the organization. For example: Operate and support of maintenance management systems, would report to the Plant Manager.

The focus will remain to drive costs lower for the existing business operations. It will still serve a business customer base by operating, maintaining and managing eventualities within the current solution set. However, there will be a fundamental change: The I.T. Operations and Support organization will have to gear itself to manage and coordinate a significant part of its delivery with an

ever increasing vendor supplied list of products, solutions and services. Most, if not all of the I.T. Operations and Support work will end up being outsourced to, or sourced from specialist providers doing it cheaper, faster and simpler.

In Generation 3, business directly controls all the resources supporting its business. It sources from, or outsources the operations and support of its investments to specialist providers. This should not be news. We have already grown accustomed to our infrastructure services being provided by vendors. In future, we can expect the same for application and information processing services as more of what we currently call I.T becomes a commodity.

The Generation 3 I.T. Operations and Support organization will have to build and implement processes and frameworks for effective vendor management across an integrated set of solutions that are destined to be provided by multiple suppliers.

Liberating the C.I.O (Chief Information Officer) through Generation 3 allows him/her to facilitate business value through a larger technology partnership ecosystem by becoming the new C.I.O. (Chief Implementation Officer) He/she has the key responsibility of business strategy implementation, and overseeing the delivery of the future state of the Company.

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