



Get in touch

“I am always looking for an angle, looking for a better way, so it’s no surprise that I have been drawn to the IT industry where seemingly everyday a great new idea hits the market. While there is much hype, I believe in the power of technology to make a positive difference for businesses, communities, families and individuals and my aim is to support the industry to deliver on this promise.”

Owen McCall



IMPLEMENTING IT STRATEGY

BY OWEN MCCALL

OWENMCCALL



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A note from Owen McCall

INTRODUCTION

Dear Readers,

Firstly, welcome to my eBook! I love strategy and having a great strategy is fundamental to success because strategy defines your plan to close the gap from where you are today and where you want to be in the future. While the details of your desired future will be unique for your organisation, in the end it is going to be some version of delivering value to your organisation through the smart use of technology and information. Too often our strategies only look at what technologies we are going to deploy. This narrow definition of strategy does not serve organisations well, as in reality, you only deliver value when you create a world class IT team.

A complete strategy looks at everything that needs to be done to create a world class team and includes leadership, structure, process and daily action changes as well as any projects / initiatives that need to be delivered. In what is perhaps a sad commentary about my life, I have obsessed on the question of value and what it takes to build a world class team for over a decade now. The results of this obsession have been captured over time in my blogs, some published others not, but I thought it was time to begin to pull them together and make them easier for people to access. Hence this eBook.

This eBook does not represent the end of my obsession, merely a step in the journey. I hope you derive enjoyment and value from reading it. I would love to hear from you about your experiences in building a world class IT team, what worked for you, what didn't and maybe we can take the next step on the journey together.

You can contact me via owen@owenmccall.com or through my website owenmccall.com or call me on 021 350 750.

Cheers,
Owen



Chapter 1

SHORT TERM GAIN, LONG TERM PAIN

“Almost inevitably, when the organisational focus moves on, the organisation rebounds back to the way it was and leaves the organisation as it was, maybe even a little worse.”

Often, we work really hard on a project and once we achieve our goal, the gains are short-term. Inevitably, organisational focus moves on, and the organisation rebounds back to the way it was. How do we break this cycle?

When I was young, I played rugby. The season’s pattern was always the same. I’d start the season overweight and unfit after a very lazy summer. As the season went on and I committed to training twice, sometimes three times a week and playing a game once a week, I began to get fitter and less overweight to the point that by the end of the season I would be reasonably fit and playing reasonably well. Then summer came and the pattern repeated. This continued until I got a serious injury, which ended my playing days, ironically at the end of the season as my fitness was increasing!

The pattern didn’t stop when the rugby stopped however. I set a goal to run a 10k race some years later. I started out unfit and overweight. As my training proceeded I got fitter and lost weight and I successfully completed the 10K race. We continued on and I set a goal to do a half marathon, which I did. I can’t remember a time when I was fitter and felt better. However, over time, I reverted.

Then a few years ago, I decided to ride the 100K flyer from Rotorua to Taupo to raise funds for my favourite charity at the time, Stepup. The pattern repeated. I slowly reverted. The problem is each time the cycle repeated I ended up a little heavier and little more unfit. My historic exercise routine produces short term gains but creates long term pain. It’s not just me though, this happens to everybody.



SHORT TERM GAIN, LONG TERM PAIN



Often, If we achieve the goal (which is about half the time, but that's a story for another day) the gains are short-term only. Almost inevitably when the organisational focus moves on, the organisation rebounds back to the way it was and leaves the organisation as it was, maybe even a little worse.

What's the answer? Don't use projects as the primary method of delivering change. Instead, focus on building the capabilities you need to be the leading organisation in your field, or in our case, the IT team that the organisation deserves. This doesn't mean don't do projects but rather focus your projects on supporting your organisation and teams to build capabilities over time, rather than achieving goals per se.



SHORT TERM GAIN, LONG TERM PAIN

Maybe it's not exercise, maybe it's money and finances or maybe it's relationships. Whatever it is we pretty much all do it. Why does this happen? I believe it happens because we are conditioned from a very young age to be goal focused so we get completely focused on achieving the goal, running 10K or biking 100K, which is fantastic, but we neglect building the capabilities required to sustain the change.

When I exercised I did it to achieve a goal, but in focusing on achieving the goal I neglected to develop myself to be the type of person who exercises regularly. I achieved my goal and then I stopped. I'd then set a goal and so the pattern repeats.

I believe that after all of these years I've learnt that if I want to be fitter (and healthier) it's not actually about setting and achieving the goal, it's about redesigning the way I live my life, so that exercise is a natural part of, and integral to the way I live my life.

As I do this I am finding that all my exercise goals are naturally being achieved. It's not just people, organisations do it as well. Organisations see an issue or opportunity and start a project to address the issue or take advantage of the opportunity. We work really hard on the project to achieve the goal.

How do you start? First, make a decision that your focus is on building capability over time and not on specific goal achievement. Then identify an appropriate model or framework that identifies the capabilities you need. If one doesn't exist, then develop it yourself. This should not be needed, however, as there are plenty of robust models available for our industry. Don't worry too much about whether it's the right one. They all have strengths and weaknesses, but most of the leading frameworks are perfectly adequate. Simply pick one and lead your organisation to become practicing experts in that framework and those capabilities.

If you do this, you will break the cycle and your goals will be achieved naturally.



Chapter 2

THE POWER OF FOCUS

“It’s time to stop looking for silver bullets. Let’s look at and understand the basics of what it means to be world-class in IT and work hard to implement these basics.”

The technology industry, indeed business in general, is enamoured with innovation. Any business-oriented magazine you pick up talks about innovation and how to be more innovative. Innovate or die is our mantra and we are constantly on the lookout for bright ideas. If you judge us by our actions, it seems we all believe that the person with the most ideas will win and all others are doomed.

The result is we are constantly looking for and implementing new initiatives. If something is wrong then start a project to fix it. If your competition seems to be better at something than you are then start a project to fix it. If there is a hot, new technology out there you better have an innovation fund available to be able to explore it and get ahead. Change is constant and if you can’t change faster than your competition then you will lose.

I am a big believer in the need for innovation in order to be successful, but is it true that the person with the most ideas wins? While I am no expert, I have spent a fair bit of time reviewing the “success literature” and trying to understand what it takes to be successful. One of the common themes within the literature is that all successful people are incredibly focused and they practise constantly. It doesn’t matter if you look at sports stars, musicians, authors or business people, constant focus and practise wins the day. Being a Kiwi bloke, who grew up in the deep south of the South Island, one of my favourite examples is Jeff Wilson. Jeff was an incredible sporting talent who represented New Zealand in both cricket and rugby. As a teenager he also represented the South Island in age-group basketball. For all his talent, however, it wasn’t until he decided to focus solely on rugby that he became a true superstar and one of the world’s elite.



THE POWER OF FOCUS



“While it might not be glamorous, practise and continuous improvement is the key to success.”

Another great Kiwi example is Dan Carter. Maybe the best first-five we have ever had. Carter (and Jeff Wilson in his day) practise constantly. As one of the great first-fives in our history, what does Dan Carter spend most of his time doing at practise? I mean he is already brilliant!

My guess is Carter spends most of his time working on the basics; his fitness, kicking, passing and tackling, over and over again, trying to get a little better every time. I could go on and on with other examples. There are, enough examples from any walk of life to fill libraries.

When I get to work do I see this pattern of practise in the IT industry? Do we focus on the basics and look to get a little bit better at the basics every day? Often the answer is no. Rather we look for that one killer initiative, the emerging technology that will change the world or the silver bullet that will solve all our problems.



THE POWER OF FOCUS

Sometimes we even have big initiatives for continuous improvement. ITIL, maybe Six Sigma or Lean IT. Better yet, what about Lean Six Sigma (maybe there's a marketing opportunity for Lean ITIL)! We work hard on these initiatives, spend a lot of money on them and when they don't work, what do we do?

Do we look to practise and improve a little day by day like the most successful people do, or do we look to the next initiative? Usually, we look to the next initiative.

Indeed, if you look back through our history as an industry, it is full of silver bullets that didn't quite fulfil their promise. I suggest it's time to stop looking for silver bullets. We stop defining and implementing initiative after initiative, innovation after innovation. Instead, let's look at and understand the basics of what it means to be world-class in IT and work hard to implement these basics, and get a little bit better at them every day.

Not very glamorous I know, but then how glamorous is it for Dan Carter to take dozens of kicks at goal every day?



Chapter 3

A NEW CHANGE PARADIGM?

“These steps will help create a powerful, flexible and adaptive culture that will not only allow you to survive a crisis, but set you up to thrive through change.”

Ultimately, if CIOs are going to be successful in realising the value of IT for their organisations, then they need to become experts at successfully delivering change.

However, organisations - CIOs included - are not very good at change. Depending on the research you read, anywhere between 50 per cent and up to 70 per cent of change initiatives fail to deliver the benefits they were designed to deliver. Whenever I contemplate that statistic, I find myself involuntarily shaking my head in disbelief.

The business world has spent millions on leaders. The best minds that business schools can offer research how to successfully lead change and still our success rates are less than half. After my initial disbelief, I begin to wonder how this can happen. How can we invest so much in this one problem and continue to produce such appalling results?

As the famous phrase often attributed to Albert Einstein goes, “If facts conflict with a theory, either the theory must be changed or the facts.” The facts above are pretty stark so I wonder, is our theory of change fundamentally wrong?

What is our current theory of change?

The current theory of change is largely based on creating and resolving crises. This notion is reflected everywhere in the literature from Winston Churchill's quote, “Never let a good crisis go to waste” through to John Kotter's famous eight-step change process where the first step is “Establishing a sense of urgency.”



A NEW CHANGE PARADIGM

I look at this and wonder, is this really the way to lead change? Sure, if there really is a crisis (a time of intense difficulty or danger) then fine. However, creating a crisis where one actually doesn't exist doesn't seem very authentic. I suspect our teams intuitively know this and treat the crisis and the leaders, who call for it, in the same way as the villagers treated the boy who cried wolf. Besides, crises create fear and fear, while useful to motivate basic survival instincts, does not set a solid foundation for people and organisations to thrive.

So what's the alternative?

I believe the alternative is to lead change through aspiration and learning rather than fear and crisis.

So, drawing heavily from Kotter's work, and sprinkling in some of Peter Senge's 5th Discipline and Ken Thomas' Intrinsic Motivation, what would an aspiration and learning eight-step change process look like?

Step 1: Establish a sense of purpose/mission. The research is clear, people perform significantly better if they feel they are contributing to a greater cause or purpose.

Step 2: Create a guiding coalition based on their passion and support for the organisation's purpose. Jim Collins, in his book Good to Great, calls this getting the right people on the bus. Under this change process, while skills and capabilities remain the most important criteria, the team connects passionately with the organisational purpose.

Step 3: Define success in a clear, measurable and relevant way. People like to know they are making progress and clear measures provide feedback to show how their actions make a difference.



A NEW CHANGE PARADIGM

Step 4: Communicate the purpose / mission and success definition demonstrating how people and the team contribute. Having a clear purpose is one thing, but it lacks power if people do not understand what it is and how they contribute to it. As Kotter and many others say, over communicate to aid understanding.

Step 5: Empower action for individuals and teams to fulfil on their contribution. Having set the framework, which shows what success is and how people contribute, then get out of the way and let them work, progress and succeed.

Step 6: Generate short term learning and support teams to adjust their actions accordingly. Yes, you need to get out of the way. However, teams will hit issues and roadblocks. When this happens be there to support them, aid their learning and coach them to readjust what they are doing.

Step 7: Never let up. A direct lift from Kotter's process. Change takes time and is difficult. If your tactical actions aren't working change them, but stay committed to your purpose and keep going no matter what.

Step 8: Celebrate both success and learning to embed this in the culture.

If you do these steps well you will create a powerful, flexible and adaptive culture that will not only allow you to survive a crisis but set you up to thrive through change.



Chapter 4

THE GENESIS OF BUREAUCRACY

“The way to counteract the growth of bureaucracy is to ensure the customer is put in the middle of the process.”



I was talking the other day with a group of highly capable IT professionals who were looking at improving their process maturity through the use of the ITIL framework.



THE GENESIS OF BUREAUCRACY

As the conversation progressed it became clear that they were committed to improving the process maturity and they began to discuss setting targets for their future maturity levels.

One of the issues they identified during this discussion was that they did not have great compliance with their processes currently and if they were to mature their processes compliance would need to improve. People quickly agreed that this was true and expressed disappointment that non-compliance seemed to be tolerated currently.

I am a supporter of IT organisations maturing their processes. Mature robust process is the foundation that great IT shops are built on, however, when someone innocently quipped “we need to ensure compliance but we need to balance compliance with the need to deliver to the customer” I had a sudden revelation.

For many people deeply involved in a process on a daily basis the process begins to exist for the sake of process, not for the sake of customers. To put it another way, often process moves from being a means to an end, (the end being great customer service), to an end in its own right.

As soon as the process becomes an end in its own right, and not a means to improving service for customers, bureaucracy begins as compliance becomes more important than service.

Worse, it's possible that this bureaucratic state is the natural path of least resistance, particularly for a team that sees itself as somewhat separate from the “business” (our industry's constant debate about IT/business alignment is an indication of perceived separateness).



THE GENESIS OF BUREAUCRACY

Counteracting this slide into bureaucracy is a priority for all IT teams. The way to counteract the growth of bureaucracy is to ensure the customer is put in the middle of the process, because delivering for the customer is, after all, why the team and all our processes exist.

You do this by constantly questioning “what is the impact of this on the customer?” and then changing your processes based on the answers. This sounds easy but it can be quite complex as we have many customers and their needs often conflict.

We have all had the situation where the needs of different customer groups conflict or where the need for speed conflicts with a need for stability and security. These situations need to be thought through carefully but if we can put our customers in the middle and think from their perspective we will avoid the growth of bureaucracy and get more decisions right than wrong.





Chapter 5

SUCCESSFUL OUTSOURCING

“You cannot outsource a problem, not invest deeply in fixing the problem, in conjunction with your outsourcer, and then expect that the problem will just magically disappear. Successful outsourcing relationships require hard work and there is no shortcut to success.”

In the early 1990's I spent about 2 years in Atlanta with Deloitte. While there my wife decided that she would like to run the Peachtree Road Race, a high profile 10km fun run. For me the words fun and run should never be used in the same sentence, however, I agreed that I would do it with her. Now I wasn't in the best shape of my life so I thought I should find out what running 10km was really like. So as a bloke does, I decided to go out and run to see how far I could get. As it turned out it wasn't that far and I paid for the experience for days as my body recuperated.

It was during this recuperation that I decided it would be great if I could just outsource the training to a fitness professional, then come in for the glory of race day. Of course this is not possible, no training no glory, so I set about slowly building up to be able to run the 10km. It began by walking and built from there slowly and surely.

We laugh, or perhaps shake our heads in disbelief, at the absurd notion that you could outsource your way to physical health and fitness, yet isn't this exactly what we try and do in our professional lives?

Our IT team isn't performing the way we want it to, it's not fit, and rather than do what is required to get it fit, we believe we can outsource it to “the professionals” and all will be OK. But inevitably it isn't OK because you cannot shortcut your way to success in business any more than you can in your physical health.



SUCCESSFUL OUTSOURCING

Now don't get me wrong, I'm not saying that outsourcing is a bad thing and you should never do it. What I am saying is that successful outsourcing relationships require hard work and there is no shortcut to success.

You cannot outsource a problem, not invest deeply in fixing the problem in conjunction with your outsourcer and then expect that the problem will just magically disappear.

So what do you need to do make your outsourcing relationship successful?



“While it might not be glamorous, practise and continuous improvement is the key to success.”



SUCCESSFUL OUTSOURCING

Below are some starting thoughts for you to consider.

1. Be clear on what outcome you are expecting. A good way to frame this is to define which level or levels in the IT Hierarchy of Needs you expect the outsourcing relationship to fulfil. Often this will be the bottom two levels of the hierarchy, systems reliability and cost effectiveness. Read more about the IT Hierarchy of Needs in my eBook [Creating IT Value](#).
2. Define success measures for the outsourcer that are relevant to that level of the IT Hierarchy of Needs and ensure that success measures are defined for all persistent needs represented in the balanced scorecard.
3. Provide active management and leadership to the relationship just as you would for an internal direct report. Active management should include performance reviews and joint continuous improvement aimed at achieving the level of process maturity required to produce the outcomes wanted.
4. If you have not currently achieved the level in the hierarchy that you expect your outsourcer to provide, then allow a reasonable amount of time for your outsourcer to build to that goal and provide the resource and support they will need to aid them on the journey.

If you do these things you can build your way into a successful outsourcing relationship. Of course, if you do these things you could also get your own internal team fit. If you are prepared to do the hard work you have a real choice and it is always good to have a real choice.

Back to Atlanta, after training for about 4 months I successfully completed the Peachtree Road Race. I really enjoyed the run and got a massive sense of achievement as I crossed the finish line and received my much coveted finishers t-shirt. In fact, I liked it so much my wife and I decided to continue training and take on the Atlanta half marathon, but that's another story.



Chapter 6

HURRY UP AND WAIT

“For large enterprises, the cloud is a revolution for those processes that are necessary, but not necessarily that important. Therefore, think very carefully before you move any process or application into the cloud, especially if it's a source of competitive advantage.”

I have been to a number of events over the past few months where the theme, or a major theme, of the event has been cloud computing. The flow of these events goes something like this. An industry analyst stands up and talks about the trends, leaving the audience with a very clear message that the cloud is here, it is real and if you, the CIOs, do not move to the cloud then your firm will be left at a significant strategic disadvantage. Then there are case studies from vendors (they are cloud ready and their clients are way ahead of you) and some CIOs are outlining what they have done. Often this is a new or “fringe” application or a move to cloud infrastructure in the form of dedicated, virtualised hosted hardware. Then comes the interesting piece, the panel and the Q&A.

On a number of occasions the panel has been asked, what cannot or should not be moved to the cloud? The answer is, the cloud is not suitable for large workloads or an organisation's most critical and sensitive data and applications.

My conclusion from this is the cloud is “a revolution” for those things that are necessary but not that important to a large enterprise and (at least currently) not relevant to the core business activity. While this seems paradoxical if you think about it, this should not surprise us, as the cloud has many of the hallmarks of what Clayton Christensen calls disruptive innovation, and what we are seeing is the maturing of a disruptive technology from its initial marketplace (i.e. the consumer) to users with more mature and complex needs (i.e. the enterprise).

What is the impact of this for enterprise CIOs?



HURRY UP AND WAIT

Here is my take on it:

1. Hurry up and get non critical parts of your organisation onto cloud based infrastructure, particularly current hardware getting to the end of its life cycle.
2. If you require a new application, consider software as a service (SaaS) solutions in your evaluation. Learn as much as you can from this but do not move anything critical now as the technology and service providers are not yet ready and robust.
3. For critical large loads do nothing now. Review your position regularly as cloud technology and application providers mature to gauge when is the right time for you to move more services into the cloud.
4. Take a particular interest in issues surrounding security, sovereignty, data integration (remember ERP, one of its big selling points was the ability to integrate data and have one source of the truth) and the ability to migrate data if and when you choose to leave that provider.

Finally, as you watch, consider what is the business need that would cause you to move your services to the cloud? Much of this will be dictated by your organisation's business model. For example, what is your organisational focus? Is it cost reduction? Improved customer service? Or driving product innovation? Are you looking to dominate your competition or simply be competent? (For more on this check out Treacy and Wiersema's *The Discipline of Market Leaders*). Think very carefully before you move any process or application into the cloud if you believe it is a source of competitive advantage. Competitive advantage is built upon the capabilities that are hard to replicate, cloud however, removes barriers and allows quick adoption by all. This commoditising effect of the cloud is a large part of Nicholas Carr's argument that in the near future IT will not matter. While this may happen, do not hasten it by giving up true competitive positions too early.

Here comes the cloud. Hurry up and wait. Hurry up, and learn as much as you can by using the technology now, but wait for the technology and provider community to mature before you bet your enterprise on it.



About the author

OWEN MCCALL

Owen is an experienced management consultant and CIO who is passionate about harnessing the power of technology to create value for businesses, communities, families and individuals.

Previously, Owen spent 18 years with Deloitte where he worked with clients from around the world to implement technologies that supported their business strategy. He also led Deloitte's outsourcing practice for Australia and New Zealand.

Owen then became the CIO of The Warehouse, where he was responsible for actually delivering value from IT.

These roles have given Owen a broad perspective of IT, its power and its challenges. He now operates as an independent consultant and advisor, guiding CIOs and senior executives on how to use technology in a way that adds real value to their organisation. He is a regular blogger and contributor to CIO and iStart publications and a sort after speaker across the technology industry.

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First published by Successfulcio.com December 2011. Updated for this eBook in August 2016.

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The CIO, CFO Relationship

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