

Governance

Why IT governance should matter to the business

IT projects and programmes have been taking place in organisations for over 50 years now.

In general we are pretty good at what we do. We use the best practices that have been successful; our people are generally appropriately trained and users only change their minds because the competitive market dictates they must.

Why then do we still have projects that run for years, eat huge amounts of money and deliver very little value? One of the key reasons why projects and programmes don't deliver what they were expected to is because there is a piece missing. We call this governance.

Many organisations believe they undertake governance. We hear statements along the lines of "we use PRINCE2 for project management..." as if that simple statement says, "yes, we understand Governance and have it under control".

But that isn't enough!

It is part of the answer, but the full answer requires a cultural and organisational shift, from a reactive stance to a proactive one. From a "we'll fix things when we discover they've gone wrong" attitude to a proactive "we're going to keep checking things to make sure we're on track so that we can anticipate if things could go wrong and prevent it" attitude.

In the rest of this paper we will describe in more detail Capita's view of governance, who is responsible for what they do and how they do it.

What does IT governance really mean?

IT governance can be viewed as a subset of corporate governance focused on IT systems, their performance and risk management. However there are a number of other definitions which give slightly different perspectives on the topic which demonstrate the subtle differences involved. Here are some examples.

Methods for measuring maturity such as COBIT, define IT governance as establishing an effective governance framework that includes: defining organisational structures, processes, leadership, roles and responsibilities to ensure that enterprise IT investments are aligned and delivered in accordance with enterprise strategies and objectives.

However, governance can also refer to the actions, processes and policies by which authority is exercised and IT decisions are taken and implemented. Yet another view implies a system in which all stakeholders, including the board, internal customers and related areas such as finance, have the necessary input into the decision making process.

So how do we ensure that what we really mean by governance is unambiguous? In Capita, we believe that IT governance, particularly at the project and programme level, involves a combination of factors that need to work together, so let's take these one at a time. See Figure 1.

Strategic alignment

We should ensure that projects and programmes directly support what the organisation really needs, not only at the start but they should be constantly assessed for 'fitness for purpose' all the way through.

What this means in practice is that the business and IT need to be aligned. The business articulates the strategy and direction and IT creates an IT strategy and plan that supports and shows how IT will deliver the technologies to enable the business strategy.

This means that a project or programme can start only when it aligns with and supports business and IT objectives and this alignment needs to be monitored throughout.

Governance ensures that what we do directly supports what the organisation needs, and checks that a project and programme:

- > Is defined clearly and unambiguously
- > Is working in the right way
- > Is constantly checked so that it is doing what it is meant to do and in the way that we said we would do it
- > Is stopped swiftly if it is decided that whatever it was doing isn't needed anymore
- > Is constantly monitored so that it only spends the money that was originally planned
- > Only changes if the change contributes to what the business wants
- > Delivers the things that were agreed, that can be used by the users in the way that was expected
- > Results in the changed state that was required

Change definition

Checking that a project and programme is clearly and consistently defined ensures that there is no clash or overlap with other activities. The scope and objectives need to be unambiguous and expressed in clear, simple, jargon-free English. Estimates need to be realistic, structured and auditable and never based on 'gut feel' or only on 'what the user wants to spend'.

If there are dependencies between a project or programme, these should be clearly defined and the nature of the dependency, its timing and the success criteria should be specifically addressed in both the project and deliverable plans.

Standards, methods use and compliance

Best practice certifies that we are independently assessing the quality of our activities and deliverables against how good they could be. However, industry best practices should be used intelligently in an integrated manner which will contribute to the progress of the project and not just pay lip-service to it.

By assessing how the projects or programmes are using the methods as well as measuring their maturity and productivity, improvements and changes to the approach can be made in a planned way.

End-to-end delivery and quality assurance

We constantly assess the project or programme to make sure it conforms to its objectives and align progress with the priorities and how critical they are.

Objectives should regularly be assessed against the overall IT and business strategy. This ensures that the business and IT critical elements are appropriately prioritised within the project or programme. It is essential to be able to demonstrate objectively, that the project or programme is working to and delivering to defined quality standards.

A question of governance

- > Is what we are doing still going to contribute to improved business?
- > Are we doing the right things?
- > Are we doing them the right way?
- > Are we doing them well?
- > Are we controlling change?
- > Are we spending more than we should?
- > Should we stop this now?
- > Are we getting the benefits?

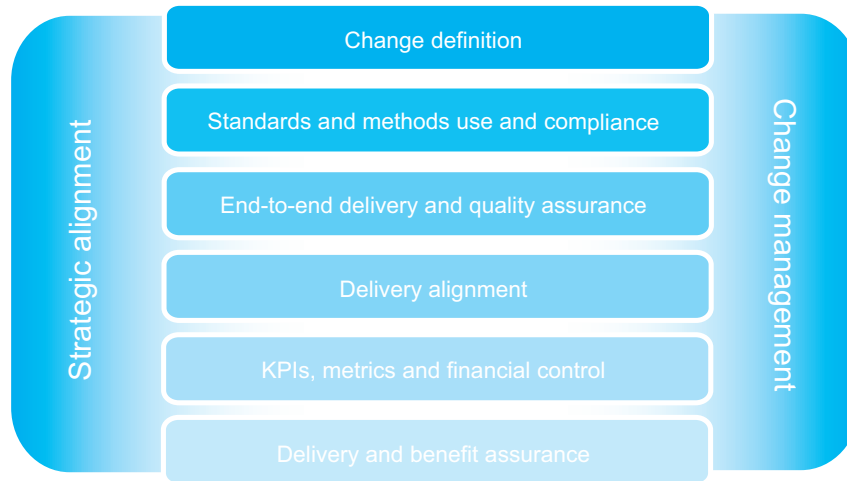


Figure 1

Delivery alignment

Projects or programmes that aren't meeting a need should not be allowed to just run on!

Shutting down projects or programmes as soon as what they are doing is not needed; doing it quickly and effectively, is a major contributor to good governance. Typically this type of function could be delivered from a project or programme management office.

Where it is clearly demonstrated that it no longer supports the original need, either because that has changed or because the project or programme has become misdirected, then we need to be able to swiftly archive the project or programme assets and bring the activities to a halt.

KPIs, metrics and financial control

The failure of many organisations to ask their project staff to accurately record time spent on tasks is a key factor in allowing project overruns to occur.

Constant monitoring of the project or programme to make sure that it only costs what was originally planned, tracks a project or programme down to specific tasks or deliverables. To assess whether more is being spent on a task or deliverable than planned implies that staff are recording their time against specific project tasks.

Estimates given for the delivery of tasks or the creation of deliverables need to be regularly and objectively assessed against the actual effort and duration spent and variations reported.

This means work assigned to staff should be at a level that allows useful reporting against project artefacts and tasks. However, reporting in itself mustn't become the main task!

Typically this means that projects or programmes should be planned, estimated and tracked against a consistent framework like a Work Breakdown Structure which allows projects and programmes to be compared and lessons to be learnt on planning, estimating and deliverables definition.

Change management

Only accept changes if they contribute to what the business requires from the project or programme. This involves a robust change management culture to be in place; one that questions why a change should be accepted and isn't afraid of 'saying no', but conversely, if a change makes sound sense, integrating it into delivery swiftly and effectively.

Potential changes are captured as early as possible, subjected to rigorous analysis and the merits of allowing the change to proceed should be objectively considered.

For this to be effective, impact analysis is undertaken. Typically this is against architectural artefacts, such as the IT architecture, the application architecture, the process architecture, as well as lower level items such as the application logical components model and the code coverage map. Often these do not exist and one of the pressing issues is making sure that impact analysis is robust and objective rather than subjective - often based on one person's knowledge.

It is important to have a culture in place that is prepared to challenge. Often project or programme managers don't feel able to 'say no' to a requested change or they accept change on an ad hoc basis because the users have asked. Not every change (no matter how important it is to the proposer) is worthwhile. Challenge needs to be structured, objective and documented, with clear roles and responsibilities defined. This is typically undertaken and managed by change control boards and other similar vehicles.

If a change is accepted as worth proceeding with, then it is important that it is communicated swiftly and accurately and integrated into the new project or programme baseline so that it can be acted upon. Revised estimates and the other impacts need to be passed on to those groups who check, assess and assure delivery, so that they too are aware of the change.

Delivery and benefit assurance

The project or programme must deliver the things that were agreed; that can be used by the users in the way that was expected and which deliver the changed state that was required. It makes no sense for the project or programme to declare a deliverable is correct if the users are unable to.

We need to engage the users in proving and acceptance of the solution being created for them. This starts at project or programme initiation phase when users define acceptance and success criteria. It continues throughout the project or programme, with users being appropriately engaged through the delivery process, and culminates in their acceptance activities against a fully proven and tested solution.

The operational support teams who will support and maintain the solution on a day-to-day basis will have also defined their acceptance and success criteria, and have the opportunity to exercise their (often more technical) acceptance activities against a fully proven and tested solution.

Following acceptance and deployment, the delivery of the benefits defined in the original project or programme business case need to be tracked. In the event that benefits are not delivered, there should be a robust and clear definition of what the limiting issues are and how they can be resolved. It is important to the organisation that these lessons need to be fed back into the project or programme initiation process to test the benefit assumptions being made against the real-world experience.

Why do many organisations believe governance to be difficult?

Despite a common belief that strong governance is important, many organisations find it difficult to implement.

Typically, there are two common issues that need to be overcome. The first is there can be a lack of connection between the people who deliver the day-to-day purpose of the organisation and the IT department. Secondly, there can be a lack of fundamental structure such as communication with the business, the right organisation, processes or roles that enable and support appropriate decision making within IT.

Weak IT governance is an issue not just for IT, but also for the business as a whole – see Figure 2.

Poor IT governance can result in:

- > IT activities that do not support the business
- > IT decisions based on technology needs, not business needs
- > Low confidence in IT by the business
- > Failure to make decisions
- > Inability to prioritise
- > Inability to make objective impact assessments
- > Inability to resolve conflict objectively
- > IT unable to project resource demand accurately
- > IT unable to demonstrate project governance / control points
- > Poor delivery - weak on fit for the business need, expensive and late
- > Poor visibility of progress - finding out too late that there are issues
- > Unreliable estimates – increasing costs for IT solutions
- > Unreliable commitment – of the requested solutions in any year only 50-75% of it will be delivered
- > Missed opportunities – finding that IT can't react swiftly enough to market opportunities
- > IT department's failure to meet business expectations – always surprised that the business isn't happy with what they are doing
- > Poor value for money – too many people taking too long to deliver too little that doesn't do what is wanted

Figure 2

In conclusion

At Capita, we take governance very seriously. When governance isn't properly enforced we believe it is the single largest factor why projects or programmes fail to meet expectations, and why the business can be at odds with IT. We hope that in the sections above we have illustrated some of the key issues to be addressed and provided some ideas on how to address them.

If you are from IT, make sure that you know what it is your business wants at a strategic level and, using your current processes, ensure that what you are doing clearly supports it and is focused on the bits that are important to them, not the bits that are easy for you to do, and then document it and discuss it.

If you are from the business, make sure that you have sat down with your IT group and explained what you want at a strategic level. Support them if they need to improve their current processes and understand that they may need to be able to challenge your ideas and requests. Also recognise that arbitrarily reducing any estimate they give for a project or programme is counterproductive. Instead, insist on structured walkthroughs of the estimates against the work and deliverables required and acknowledge that it takes time to improve.

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