Top 10 Imperatives for Leading a Successful IT Improvement Program

When companies understand the critical success factors for leading an IT performance and process improvement program, they can advance their business objectives and increase adoption across the corporation.

Executive Summary

Rapid technological advancement (e.g., cloud, social media, mobile and analytics) and increased globalization are having a profound impact on the IT operating model. IT organizations are struggling to improve their operating performance in response to market demands for lower costs, higher quality services, shorter response times and higher return on investments.

Many IT organizations are applying quality improvements pioneered and perfected in the manufacturing sector to drive organizational performance and process excellence. Although most organizations clearly understand the benefits, it has traditionally been a struggle to successfully implement IT organizational performance and process improvements, even for top-performing companies.

This paper presents solutions and best practices for mitigating challenges and successfully deploying such initiatives. Based on our experience assisting Fortune 1000 clients with large IT organizational performance and process improvement programs, we believe there are 10 key implementation imperatives:

1. **Obtain senior leadership commitment** to initiating and managing IT organizational performance and process improvement initiatives.
2. **Perform an objective assessment**, leveraging standard models, for defining realistic improvement goals.
3. **Focus on identifying the right processes and their process owners** to achieve the established goals.
4. **Develop a roadmap** that is well understood and accepted by the identified process owners.
5. **Institute a targeted marketing strategy** that creates enthusiasm and greater participation.
6. **Establish a governance model** that enables effective management of the program.
7. **Develop processes** that are standard and “fit to use.”
8. **Facilitate organizational change management** to ensure smooth implementation of the recommended improvements.
9. **Enable effective benefit tracking and reporting** to ensure sustained top-management support.
10. **Focus on continuous improvement** of the IT organizational performance and process improvements.

**The New IT Mandate**

Several technology trends are building the case for enhancing IT performance, including externalized service delivery, global market demand, increased data volumes, social media explosion, IT in business shared services and increased complexity of the IT ecosystem (see Figure 2, next page). Overcoming these challenges will help the IT organization increase its agility and responsiveness to business requirements.

IT organizations are responding to these trends by adopting effective IT operating models (see Figure 3, page 4). The building blocks for any IT operating model – organization, process and technology – are undergoing a radical rethink to ensure tight alignment to meet the demands of the aforementioned trends.

To improve their IT operating model, companies are increasingly adopting IT performance and process improvement initiatives based on industry-standard frameworks such as CMMI, ITIL, COBIT, Lean, etc. to support and drive changes to their IT organizational functions or technologies.

The next section describes how to effectively lay out the vision of such initiatives, as well as effectively manage the implementation journey for achieving desired goals and outcomes.

**Top 10 Imperatives for IT Improvement**

1. **Obtain senior leadership commitment to initiating and managing IT organizational performance and process improvement initiatives.**

**Key Challenges**

IT organizational performance and process improvements require sustained effort and commitment across all levels of the organization. The morale of employees and their involvement in the improvement initiative is directly related to CIO/top management commitment and clarity of goals.

**Key Recommendations**

Based on our experience, IT organizational performance and process improvements that have been driven or sponsored by the highest levels in the organization are more likely to succeed. We advised one of our clients to include improvement goals and objectives as part of the company’s CIO performance targets and cascade them down to various departmental leaders. This strategy resulted in increased commitment from all levels.
2. **Perform an objective assessment, leveraging standard models, for defining realistic improvement goals.**

**Key Challenges**
It has been a challenge to establish appropriate goals and objectives for an IT organizational performance and process improvement initiative. Various organizations have struggled to set realistic goals based on change management considerations.

**Key Recommendations**
IT organizational performance and process improvements should focus on every aspect of the IT value chain (as described in Figure 4, page 5) and set up realistic goals that reflect the organizational appetite for the change. There are several industry-standard assessment models (e.g., CMMI, ITIL, the Gartner IT maturity model, etc.) that could help chart out an improvement roadmap.

The two forms of assessment methods seen in the industry are formal third-party assessments and self-assessments. The choice of a maturity model and assessment methodology will depend on the focus of the improvement initiative (e.g., CMM/CMMI is more focused on software processes, while ITIL is aimed at operations), organizational relevance and cost considerations. It typically takes 18 to 36 months to transition from one level to the next. We helped one of our large insurance clients define and manage a comprehensive two-year roadmap to transition from Level 2 to Level 3 on Gartner’s IT maturity model (see sidebar, page 8).

3. **Focus on identifying the right processes and their process owners to achieve the established goals.**

**Key Challenges**
Based on the maturity assessment, once the organization is made aware of areas for improvement, the next challenge is to identify process areas with high impact and associate them with the right process owners.

**Key Recommendations**
A software engineering process group (SEPG) or dedicated cross-functional team responsible for driving the performance and process improvement initiative – should lead the exercise of identifying process areas for improvement and associating them with the right process owners. This should be conducted via a series of program definition workshops involving key stakeholders from each of the IT functional areas.

Based on our experience of implementing such programs, the appropriate process owner should be someone who is involved with many aspects of the process. When there are multiple entities using a process equally, then it is best to assign the process governance or ownership to a broader
process management entity (e.g., SEPG). The process owner should be sufficiently senior in the organization to drive the change. It is imperative to identify the right process owner with adequate empowerment and interest in driving the change.

4. **Develop a roadmap that is well understood and accepted by the identified process owners.**

**Key Challenges**

While developing the program roadmap, IT organizations do not always consider the change impact, as well as process interdependencies.

**Key Recommendations**

Various process areas requiring improvement are carved out as dedicated projects that form part of the overall roadmap. Key considerations for roadmap definition include:

- **Process owner buy-in:** It is critical to obtain process owner buy-in, as these individuals are ultimately accountable for making the process implementation successful.

- **Project size and complexity:** This is an important factor in creating the roadmap, as it helps companies gauge the effort required for each project and aggregate the processes into waves for execution.

- **Change impact:** Although the appetite for change may vary across organizations, no more than two improvement initiatives should be targeted at the same functional group within a quarter.

- **Project interdependencies:** All project interdependencies must be captured and factored into the roadmap.

For one of our clients, we conducted a joint workshop with various process owners to clearly establish impacts and interdependencies while developing the multi-year roadmap. The joint workshop helped ensure faster consensus-building on the roadmap.

5. **Institute a targeted marketing strategy that creates enthusiasm and greater participation.**

**Key Challenges**

IT organization process and performance improvement programs invariably lose traction over a period of time due to lack of top-down commitment, ongoing business distraction and lack of ownership. In addition, when impacted stakeholders are not appropriately engaged through the entire process, the results will be sub-optimal.
Key Recommendations
Organizations should focus on establishing an effective marketing strategy that helps sustain enthusiasm for IT organizational performance and process improvement efforts. Key facets of an effective marketing strategy are as follows:

• Effective delivery of program- and project-level messages.
• Assurance that marketing is a continuous endeavor throughout the lifecycle of the program.
• A cost-effective approach that leverages existing organizational communication vehicles as much as possible.

Our experience reveals that some of the most effective marketing channels for IT organizational performance and process improvement include roadshows, newsletters, company town halls and program portals/internal Web site postings. One of our large insurance clients used a combination of roadshows, newsletters and an annual company town hall meeting to champion its program. These mechanisms allowed our client to establish a bi-directional communication medium (i.e., communicate the improvement initiative and also gather feedback on refinements to the initiative) that resulted in greater employee engagement and success.

Key Focus Areas for IT Performance and Process Improvements

Key Challenges
The lack of well-thought-out program governance impedes progress due to delays in decision-making (e.g., funding, resourcing, change management, etc.).

Key Recommendations
Effective governance depends on factors such as the organization’s culture and size, the diversity of IT functions, improvement approach chosen, etc. It is, therefore, best to include representation from all functional areas within the organization in the governance model (see Figure 5, next page). Typically, three to four governance elements are needed:

• **Executive leadership team**: The team responsible for sponsoring the program and reviewing/approving the roadmap, budgets and progress.
• **Program steering committee**: Typically made up of a cross-functional set of senior team members. This group regularly advises performance and process improvement teams on the changes desired, plans, progress and status.

6. **Establish a governance model that enables effective management of the program.**

Figure 4

ITIL is a group of methods that are focused on managing and handling different aspects of information technology such as operations, infrastructure and development.

COBIT provides a set of generally accepted measures, indicators, processes and best practices, to assist in maximizing the benefits derived through the use of information technology, and developing appropriate IT governance and control in a company.

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*Cognizant 20-20 Insights*
• **Software engineering process group:** Made up of process experts and champions to drive the improvement program.

• **Performance and process improvement team:** Formed as needed to execute performance and process improvement activities (i.e., analysis or aid in implementation). This group is often led by a member of the SEPG and made up of consulting subject matter experts.

• **Program manager:** Depending on the scale of the IT organizational performance and process improvement program, a dedicated program manager is required to manage the program from inception to closure.

Importantly, periodic governance reviews among these three to four teams ensure that the initiative is continuously steered in the right direction.

The following review checkpoints are usually recommended for successful program execution: weekly status reporting, monthly steering committee updates and monthly process owner forums (i.e., fortnightly meetings to share lessons learned across implementations).

7. **Develop processes that are standard and “fit to use.”**

**Key Challenges**

CIOs and top managers most often treat IT organizational performance and process improvements as internal projects that can be performed by employees on a part-time basis. This approach fails in most cases, as employees consider the activity to be of lower priority and do not focus on it adequately, leading to a prolonged turnaround. Moreover, standard process definition shortcomings often create difficulties in adoption across the organization.

**Key Recommendations**

We recommend involving dedicated subject matter experts for process definition. It is also essential to standardize the organization’s processes, including process descriptions, process maps, roles and responsibilities, and measures.

- **Process description:** Clearly illustrates the purpose of the process. The description may be depicted graphically, textually or both.
- **Standard operating procedure:** SOPs provide a repeatable way of executing the process. It includes process maps, roles and responsibilities, templates, guidelines, standards, checklists, etc.
- **Measures and metrics:** This enables measurement of the improvements and successes of the initiative.

8. **Facilitate organizational change management to ensure smooth implementation of the recommended improvements.**

**Key Challenges**

In our experience, the biggest constraint to a successful IT organizational performance and process improvement program is resistance to change.

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**Governance Model for the IT Improvement Program**

![Governance Model for the IT Improvement Program](image-url)
Key Recommendations

• **Adoption model:** There are several ways to adopt effective IT organizational performance and process improvements. Some of the best ways to do so (but not exclusive of each other) include:

  > **Top-down adoption:** This approach first focuses on appropriate buy-in at the corporate level (top management) and then drives adoption down to the individual business units.

  > **Bottom-up adoption:** This approach assumes that change is defined for any smaller sub-group through a project, or a series of projects, and is then adopted across the organization based on proven results. Typically, this approach is utilized for driving improvements within business units (BU), based on specific BU goals. A BU blueprint drives organizational change.

  > **Agile improvement adoption:** This agile method of adoption focuses on iterative changes to the process using a continuous customer feedback mechanism. This approach is typically suitable for mature or organizations requiring continuous improvements.

• **Change agent involvement:** Involvement of empowered stakeholders from impacted groups ensures a smooth process roll-out.

• **Adoption survey:** An evaluation is conducted as part of the process roll-out to assess adoption effectiveness.

• **Piloting:** This provides a means of verifying that the processes will work in a broader practice and allows for necessary adjustments before they are fully deployed.

• **Communication:** As part of the program plan, an elaborate communications strategy is needed that aligns with overall organizational communication activities.

• **Training:** Roll-out usually entails training activities that officially introduce the new or revised processes. Typically, the process owner identifies a training subject matter expert who is closely involved in the process definition to instruct program participants. A best practice is to record the training and host it as part of the company’s intranet.

9. **Enable effective benefit tracking and reporting to ensure sustained top management support.**

Key Challenges
Aligning improvement measurements with organizational objectives has always been a challenge. In our experience, demonstrating ROI of the improvement effort has proved to be a bane for many companies.

Key Recommendations
Based on industry best practices, high-level benefit categories include reduced cycle time, improved quality, increased customer satisfaction and reduced costs.

It is imperative that the metrics are natural byproducts of the process and that minimal effort is spent on collecting and reporting. A typical best practice is to define, baseline and set targets for benefit measures during process definition. As part of the implementation, realized benefits should be assessed on a periodic basis.

Based on our experience, IT organizational performance and process improvement programs typically help reduce costs by 8% to 10%, reduce cycle time by 8% to 10%, reduce defects by 10% to 12% and improve customer satisfaction by 2% to 5% over a two- to four-year time horizon.

10. **Focus on continuous improvement of the IT organizational performance and process improvements.**

Key Challenges
IT organizational performance and process improvement is often treated as a project, whose focus ends with project completion. This undermines the emphasis on incremental and continuous improvement to the process.

Key Recommendations
IT organizational performance and process improvements should be viewed as an ongoing effort. Once the processes have been rolled out, the program should be reviewed and adjusted at least once a year. User feedback, ongoing assessment of audit findings and effectiveness measurements drive the future direction of the improvement. Key success drivers include continuous planning, monitoring and control of the organizational process assets.
CASE STUDY >>
Enabling a U.S. Insurer to Boost IT Organizational Maturity

Business Situation
Due to accelerated growth, the IT group of a major U.S. insurance company was facing increasing business expectations. As a result, supporting IT processes needed to be improved/established.

An assessment of the IT organization’s maturity was conducted using Gartner’s IT maturity model. Based on the outcome, an organizational maturity goal was defined by the CIO.

Objective
Achieve Level 3 on Gartner’s IT maturity model.

- **Level 1: Ad hoc.** The organization does not specify processes and leaves determination of the right approach to individuals.
- **Level 2: Repeatable.** Processes are established in work teams or departments. Little consistency of approach.
- **Level 3: Defined.** Defined and documented processes are established across each application discipline.
- **Level 4: Quantitatively Managed.** Consistent measurements are in place to refine and optimize processes.
- **Level 5: Optimizing.** The organization is consistent, reliable and regularly improves and changes itself based on measures.

Solution
- Created a process improvement team that rolled under the client’s software engineering process group.
- Worked with key stakeholders from the client organization to develop a multi-year IT organizational performance and process improvement roadmap. This effort included:
  - Identification of the right projects to achieve the maturity level.
  - Determination of the schedule and budget requirements.
  - Establishment of the approach and governance.
  - Buy-in from key stakeholders on the roadmap and approach.
- Helped execute roughly 40 IT performance and process improvement projects using our three-step approach (see Figure 6). This effort included:

Three-Step Approach

- **Initiation and Planning**
  - Onboard the process improvement team. Plan for the process improvement.
  - Project scope
  - Project plan
  - Key Deliverables: Project charter and project plan

- **Analysis Phase**
  - Perform process improvement analysis and develop standard operating procedures for the desired process area.
  - Current-state assessment
  - Gap identification
  - Future-state definition
  - Key Deliverables: Standard operating procedure, Implementation plan

- **Implementation Phase**
  - Communicated
  - Trained
  - Utilized
  - Adopted
  - Benefits realized (Project Closed)
  - Key Activities: Change communication, Training, Adoption success measurement, Project closure/benefit realization
  - Key Deliverables: Communication and training, Benefits measurements, Project closure documentation
Benefits
We successfully implemented the IT organizational performance and process improvement program, delivering the desired benefits of defined and documented processes across the IT value chain. The client achieved an 8% improvement in customer satisfaction based on a business partner survey; a 10% reduction in overall post-production defects; a 12% improvement in cycle time due to faster rate of production stabilization of projects delivered; and approximately 10% cost savings per year due to a decrease in post-production defects after the first year of implementation. The success of the implementation has encouraged other business units within the client organization to start emulating the defined implementation model.

Footnotes
1 An IT operating model is a representation of how an IT organization operates across people/organization, process and technology dimensions to implement various business objectives.
3 A software engineering process group (SEPG) is a one-stop-shop for driving process excellence within organizations. Typically, SEPG is responsible for process consultation, process assessments, process improvements, process asset governance, process training, and process change management.

References
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CMMI: http://www.sei.cmu.edu/cmmi/
COBIT: http://www.isaca.org/Knowledge-Center/COBIT/Pages/Overview.aspx
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