

December 02, 2010

ETS-2010-12-02

Experton Group IT Leadership Pyramid – Revisited

Back in 2006, Experton Group designed an IT Leadership Pyramid that enabled us to focus on key challenges that IT CXO's face. Ironically, although a lot has changed in IT since that time, this approach is still relevant.

Over the next 10 months, Experton Group will present topics and explore the various challenges, best practices and developments in each of these areas.

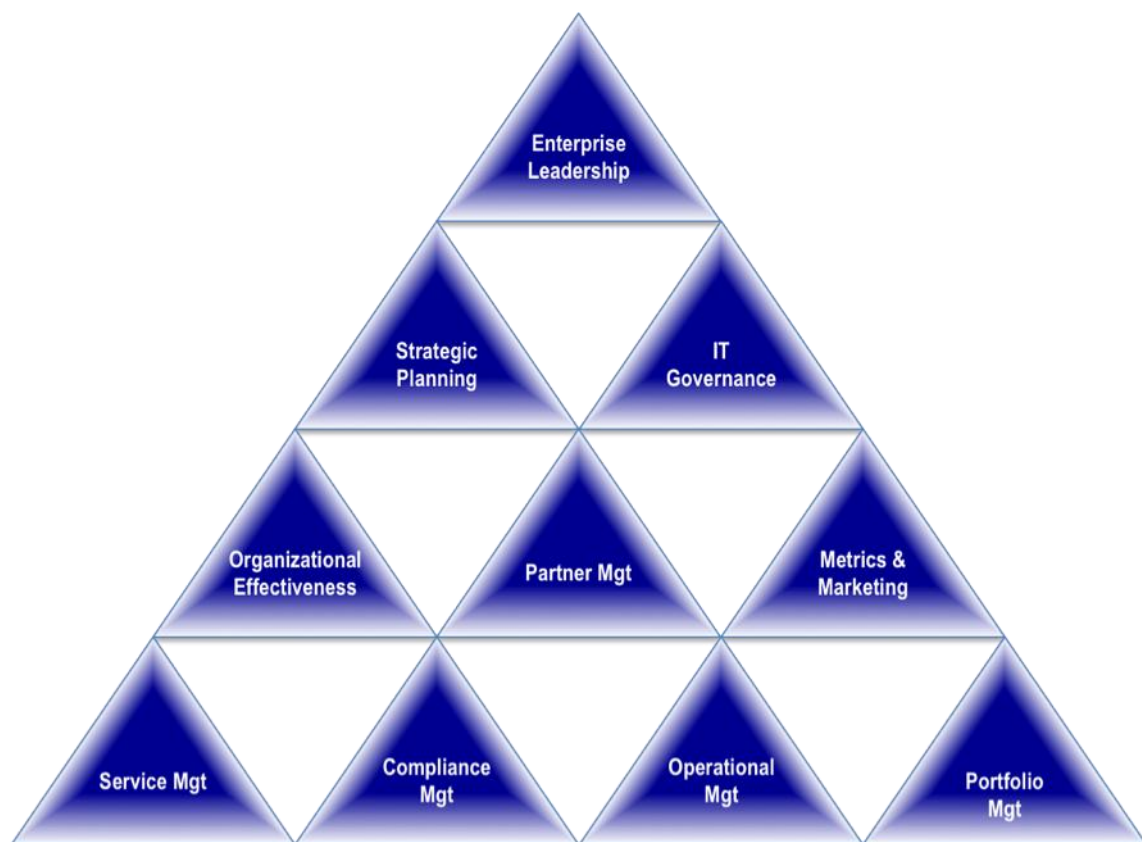
IT leaders are facing an increasingly number of new and progressively more complex challenges each and every year – and 2010 is certainly no exception. Experton Group has developed a model, the IT Leadership Pyramid, which encompasses what we have surmised as the overarching disciplines that IT leaders must acknowledge and embrace to provide effective leadership for their IT organizations and their enterprise for the remainder of this decade.

This month we review each of the critical IT leadership dimensions including how to proactively respond to questions from your executive team like the following:

1. How do you effectively describe the services that you deliver to your internal clients?
2. What policies and procedures are currently in place to identify and classify sensitive information including customer credit data; and employee social security numbers, bank accounts, and medical records?
3. How do you effectively manage the complexity and cost of your IT operations?
4. How do you decide what project initiatives you should be driving?
5. How do you know if you have optimized the assignment of your human resources throughout the IT organization to support our enterprise?
6. How do you know if you are optimizing the value that your key vendor partners are delivering to your enterprise?
7. How does the efficiency and effectiveness of your operation compare to peer IT organizations across our industry?

8. What processes have you implemented to ensure alignment with the strategic goals of your enterprise?
9. Who in our organization should be making decisions regarding new information and communications technology investments?
10. How can we measure the value and return that we are deriving from our investments in information and communications technology – i.e. why should the IT organization be recognized as a strategic versus support function for our enterprise?

The Experton Group **IT Leadership Pyramid** includes the following leadership dimensions:



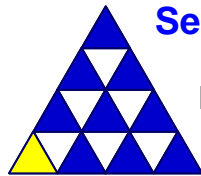
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Figure 1: Experton Group IT Leadership Pyramid

This pyramid is a visual representation of the delicate balance of ten essential dimensions required to lead a world-class IT organization today. Each of these dimensions will be discussed in more detail starting next month.

IT Leadership Dimensions

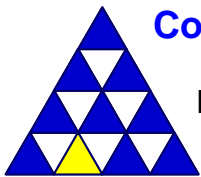
The following sections include a brief recap of each of the ten critical leadership dimensions for IT leaders today.



Service Management

Experton Group defines **Service Management** as the process of delivering core IT services to meet your customer's requirements. Service management includes introspect and a focus on defining the core services that the IT organization delivers to internal clients within organization. Many organizations today are leveraging the **IT Infrastructure Library (ITIL)** collection of best practices as a model to optimize their Service Support and Service Delivery functions within their organization – or as a method to define their **Service Level Agreements** with their outsource providers along with their internal clients.

Being able to clearly define and communicate the services that an IT organization provides to its internal clients is the foundation to effectively managing client expectations – and to position the IT organization from a reactive state to proactive business leader.



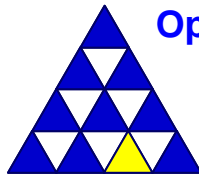
Compliance Management

Experton Group defines **Compliance Management** as the process of adhering to business, financial, and other regulatory requirements prescribed by internal and external stakeholders. Compliance Management is a critical challenge that continuously confronts IT leaders today. Many organizations are required to comply with dozens if not hundreds of regional, national, federal, state, and local regulations with little acknowledgement and empathy of the resource impact from key stakeholders. IT organizations play a vital role to ensure compliance with virtually all regulations as digital information is often times a critical component.

Information is at the heart of the target of many regulations thus placing IT organizations in a critical and essential role in organizational compliance initiatives. There are thousands of regulations in place today that require vigilant monitoring to ensure that the intent and letter of the law is followed. Regulations in the US like the Sarbanes-Oxley Act; Basel II; Gramm-Leach-Bliley Act; and the Health Insurance Portability and Accountability Act (HIPAA) have placed a tremendous burden and strain on organizations to monitor and maintain compliance.

IT organizations are positioned today to play a critical leadership role in ensuring adherence to regulatory requirements including implementing effective risk management and business continuity programs; providing

leadership for enterprise process institutionalization; identifying cost effective tools for effective security defenses, proactive compliance monitoring, and information transparency; and promoting effective training and communications throughout the organization.

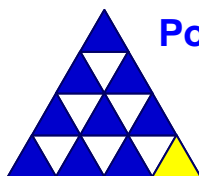


Operational Management

Experton Group defines **Operational Management** as the process of effectively integrating and managing core IT processes to support and deliver customer solutions. Operational Management is a critical challenge that confronts IT leaders on multiple fronts on a continuous basis. Experton Group defines Operational Management as the overarching process to effectively and efficiently integrate and manage core IT processes to support and deliver customer solutions.

Effective operational management is the art of providing leadership to deliver an effective balance and interdependence of **Change Management**, **Financial Management**, **Project Management**, and **Quality Management** across the enterprise. One of the critical imperatives is to establish project management as a core competency within the IT organization by ensuring that project leaders are properly trained and world-class best practices are implemented and adhered to throughout the organization.

Another tremendous opportunity for IT leaders is to position the IT organization as the lead function responsible for leading and institutionalizing successful change within the enterprise. Change management initiatives should effectively balance the overall impact to core business processes; the impact to organizations and people; and cost effective and efficient implementation of information and communications technology to facilitate the change. The bottom line is that IT leaders should strive to develop organizational integrity based on a proven record of delivering sustained predictable results.



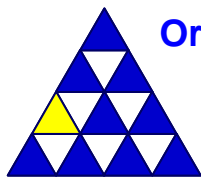
Portfolio Management

Experton Group defines **Portfolio Management** as the process of blending and balancing business and technological requirements with the resource, financial, and risk constraints within an organization to maximize return on technology investments. Portfolio Management is a complex task that incorporates the process of blending and balancing business and technological requirements with the resource, financial, and risk constraints within an organization to maximize return on technology investments. IT Portfolio Management is founded on proven techniques leveraged in financial management analyses for valuation assessments, risk mitigation, and investment decisions.

IT portfolio management is typically divided into two categories: Application Portfolio Management and Project Portfolio Management. Some organizations also include IT Asset Management or **asset portfolio management** under the umbrella of enterprise portfolio management. Portfolio management techniques from the financial services industry are now widely accepted as the best practice for managing information technology investments.

Application portfolio management incorporates the categorization, analysis, and rationalization of the enterprise information technology investments over the previous years or decades. There are numerous tools available today to ensure that IT resources are being leveraged to effectively gain the optimal value from legacy applications.

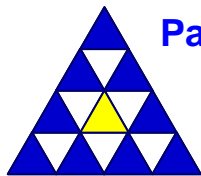
Project portfolio management techniques provide organizations with a methodology to categorize, analyze, and organize new IT investment opportunities in strategic alignment with the organizational priorities and goals. As more demands and higher expectations are placed on IT organizations – these collaborative and metrics-driven governance techniques help to ensure that IT organizations are delivering the highest value possible.



Organizational Effectiveness

Experton Group defines **Organizational Effectiveness** as the process of obtaining optimal leverage from your investments in human resources. IT leaders also need to examine their organization from within to ensure that they operate in a frictionless, agile, and proactive fashion. Key dimensions include optimizing the recruiting, retention, training, and sourcing practices – to performance management, compensation, and succession planning.

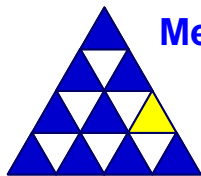
IT organizations are in a unique position to provide remarkable leadership in this area through the effective leverage of electronic workplace technologies to capitalizing on virtual organizational and staffing models. World-class IT organizations are an ideal laboratory for innovations in human resource management and organization effectiveness.



Partner Management

Experton Group defines **Partnership Management** as the process implemented to effectively manage vendor and business partner relationships to maximize the return on investment for the products and services acquired. Supplier, vendor, and business partnership relationships are a vital element of virtually every enterprise. Partnerships are rarely successful without a conscious investment of time, energy, commitment, and resources from all vested parties. Effective vendor partnerships are essential for every IT organization today.

Many IT organizations have to deal with dozens if not hundreds of vendors to supply key components for foundational and strategic technology solutions. IT leaders need to categorize and stratify their vendors to maximize return on their internal resource investments. Partnership relationships should be carefully structured so that all parties are successful if each participant meets or exceeds their obligations within the relationship.



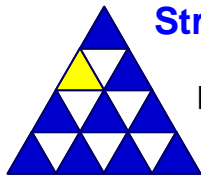
Metrics & Marketing

Experton Group defines IT **Metrics Management** as the process of monitoring and measuring the actions, results, and deliverables from an IT organization with the ultimate goal of communicating the value that the IT organization provides to the enterprise. The dimension that includes IT Metrics and IT Marketing Management is quite extensive. There are potentially thousands of processes, events, infrastructure assets, business systems, and project initiatives to manage and monitor. Identifying, measuring, managing, and communicating the right metrics is a critical and vital element to changing perceptions of an Information Technology organization from a cost center to a strategic and essential service provider for the enterprise.

As is common knowledge, data does speak volumes regarding the effectiveness of an IT organization in respect to the actions, results, and deliverables from the team. When accompanied with the ability to communicate results effectively in business terms that your internal clients can readily recognize and understand – it can be a remarkably powerful tool for an IT leadership team.

Experton Group defines **Marketing Management** as the process of proactively managing client expectations regarding the products and services delivered by an IT organization. As is common knowledge – data does speak volumes regarding the effectiveness of an IT organization in respect to the actions, results, and deliverables from the team. When accompanied with the ability to communicate results effectively in business terms that your internal clients can readily recognize and understand – it can be a remarkably powerful tool for an IT leadership team.

Effective marketing of the IT organization positions IT leaders to proactively manage client expectations and perceptions of the products and services delivered. There are numerous illustrations of best practices available today regarding communicating results – including utilizing dashboards and scorecards. When these tools and techniques are reinforced with effective marketing techniques – it can be an extraordinarily powerful method to position the IT organization for critical and strategic leadership opportunities.



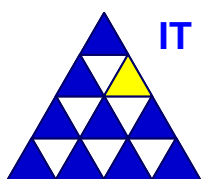
Strategic Planning

Experton Group defines **IT Strategic Planning** as the process to integrate and align the plans for introducing and managing information and communications technology with the long-term plans, goals, and objectives of the enterprise. Strategic plans act as a blueprint and roadmap for an enterprise. An IT Strategic Planning process facilitates aligning IT strategies and actions with those of the enterprise while maximizing the leverage that an enterprise can derive from their investments in information and communications technology (ICT). Experton Group believes that effective IT Strategic Planning processes drive informed, conscious, and fiscally responsible decisions regarding the use of information technology within the enterprise.

An effective strategic planning process enables an IT organization to integrate and align the plans for introducing and managing technology with the long-term plans, goals, and objectives of the enterprise. IT strategic plans are the deliverables from the alignment and integration of enterprise and IT planning. Sound strategic planning processes provide optimal return on technology investments simultaneously with lowering the overall cost of ownership for IT assets.

Technology decisions are made daily within virtually all organizations – but are the IT leaders making “conscious” decisions within a prescribed framework? A fundamental and critical component underlying an effective strategic plan is an **Enterprise Architecture** program. An enterprise architecture program incorporates a process of managing the framework and guidelines to ensure that an organization’s technology-related decisions are intentional and optimized in alignment with the strategy and goals of the enterprise. Effective enterprise architecture programs result in IT leaders having a comprehensive understanding and appreciation of the impact and ramifications of technology decisions.

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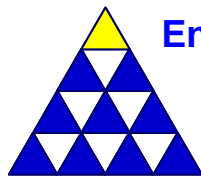


IT Governance

Experton Group defines **IT Governance** as the process to ensure the optimal prioritization and strategic alignment of information and communications technology decisions across the enterprise. Effective enterprise-wide governance processes are essential

to managing the significant on-going investments in information and communications technologies on an annual basis. Experton Group believes that effective IT governance-based processes ensure the optimal prioritization and alignment of technology-related decisions and resources within the enterprise.

Effective IT governance programs should be based on a comprehensive set of policies to guide consistent decision-making. The process to implement IT governance within the enterprise must be fully integrated with the portfolio management, enterprise architecture, and strategic planning processes. Effective IT governance assumes that project teams are accountable for prescribed results and requires consistent enforcement of policies and technology decisions.



Enterprise Leadership

Experton Group defines **Enterprise Leadership** as the process of collaboratively planning and delivering strategic leadership for the enterprise. Many 21st century IT Leaders are challenged today to provide leadership as a vital and essential functional executive – leveraging the unique comprehensive enterprise perspective that many IT organizations and IT leaders have the privilege to hold. Information and communications technologies are integral across every aspect of your enterprise – whether a Global 2000 commercial firm, public or private university, public sector agency, or small to medium business.

At the top of the IT Leadership Pyramid is the “Enterprise Leadership” dimension. If the IT executives have demonstrated that they are effective in managing the other nine dimensions within the pyramid – including a perception that the IT organization is closely aligned and integral to the goals and objectives of the enterprise – the IT leaders are in an enviable position to capitalize on their unique organizational vantage point and provide critical strategic leadership for their enterprise.

IT leaders who have reached this stage are integral to all executive business decisions and are empowered and accountable for leading change for the enterprise. It is at this juncture that IT leaders are challenged to provide leadership for the **Business of Technology** and not a staff or support function.

The Bottom Line: *IT leaders that are able to adeptly and continuously prioritize and focus on these ten dimensions will be positioned as effective leaders for their enterprise with optimized resources to support delivery of information and communications technology products and services. Enterprises that engage their IT executives as an enterprise leader in all critical business decisions and strategic initiatives are truly positioned to capitalize on their IT investments for strategic competitive advantage.*

Additional relevant research is available at www.experton-group.com. Interested readers should contact Experton Group Client Services clientservice@experton-group.com - to arrange further discussion or an interview

About Experton Group

Experton Group is the leading fully integrated research, advisory and consulting company for mid-sized and large organizations, maximizing the business value of their ICT investments through innovative, neutral and independent expert advice.

Experton Group offers consulting services, market surveys, conferences, seminars and publications related to information and communications technology issues. Our consulting portfolio includes technology, business processes, management and business co-operations, investments and mergers.

Experton Group IT Leadership Program

Experton Group assists our clients to achieve their business objectives through the appropriate application of people, process and technology. To that end, Experton Group has designed a multi-faceted Leadership Program that starts with informational services, leading to assessment, action planning and implementation.

Informational

During 2011, Experton Group will focus on each of ten elements within the Leadership Pyramid (see attached) hosting free webinars and delivering research notes as follows:

Service Management	January 2011
Compliance Management	February 2011
Operational Management	March 2011
Portfolio Management	April 2011
Organizational Effectiveness	May 2011
Partner Management	June 2011
Metrics & Marketing	July 2011
Strategic Planning	August 2011
IT Governance	September 2011
Enterprise Leadership	October 2011

More information on each specific webinar will be provided four weeks prior to the event.

Assessment

Experton Group offers assessment services designed to evaluate the maturity of each of these components within your organization. These consist of one-day workshops where information is collected and then compared against maturity models/best practices to identify “gaps”. Finally, a set of recommendations is presented to close those gaps.

Action Plans

Once the assessments are completed, Experton Group can assist in the development of action plans that are specifically tailored to your organization. These take into account resources, budgets, timelines, etc.

Implementation

Experton Group’s “experts” have decades of project management/implementation experience across various industries, projects, etc. We can help provide focus and direction where, sometimes, internal resources can’t.

If you have any questions about the up-and-coming Leadership Program please contact us directly (clientservice@experton-group.com).