BEST PRACTICE

# IMPLEMENTING IT Governance

## A Pocket Guide

Dr Gad J Selig PMP COP

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# Colophon


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# Preface

Information Technology (IT) has become an integral part of many organizations and is fundamental to sustain business growth, innovation and transformation and support continuing operations in most organizations. Information Technology and its effective management is a fundamental cornerstone of any well-run business. Insuring that this cornerstone is optimized is all about optimizing the business side of IT. IT governance is vital to the success of the IT function within corporate enterprises on a global basis.

The purpose of the pocket guide is to provide a comprehensive checklist for the Board, executives, managers and most of all, CIOs and IT professionals. It provides a guideline to use in any organization and in any industry to formulate and tailor an effective approach to IT governance and to help transition the IT organization to a higher level of business/IT alignment, maturity, effectiveness, and value creation function for an organization. It is derived from the book entitled, "Implementing IT Governance – A Practical Guide to Global Best Practices in IT Management" published by Van Haren Publishing.

This title lays out a roadmap to executing within a comprehensive governance framework. It provides a comprehensive checklist that will help the board, executive management and, most of all, CIOs and IT professionals, think through what has worked, what can work and how to plan and deploy IT governance successfully. The pocket guide provides a summary checklist of all of the key components and critical success factors to make IT governance real, effective and sustainable. It represents a valuable resource for all business and IT practitioners, and brings together every critical aspect relating to IT management and governance.

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The book reinforces the fact that IT cannot run as an independent silo. It must be aligned and integrated properly with the business and all facets of the organization. It represents an excellent instructional supplement, as well as a thorough source of reference. Each topic has a very detailed list of informational details. It is a must-have for every executive or manager who deals with IT, as well as every professor teaching business and IT courses. The full details of all material referenced in this Pocket Guide are found in the main title: Implementing IT Governance ISBN: 9789087531195

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have contributed to my knowledge and challenged me to learn more and stay current in a rapidly changing field.

In addition, I would like to thank my publisher, Annelise Savill at Van Haren Publishing for her friendship, editorial suggestions and encouragement to complete this project, as well as my editor, Jayne Wilkinson.

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Dr Gad J Selig
May 2008

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# Table of contents


**Acknowledgements** **7**
**About the Author** **9**

**1 Introduction to IT/business alignment, planning, execution and governance** **17**
1.1 Overview 17
1.2 Definition, purpose and scope of IT governance 21
1.3 Steps in making IT governance real 31
1.4 Summary and key take aways 36

**2 Overview of comprehensive IT governance framework and related industry best practice frameworks** **37**
2.1 Overview 37
2.2 Integrated IT governance framework and roadmap 38
2.3 Summary, implications and key take aways 40

**3 Business and IT alignment, strategic/operating planning and portfolio investment management excellence (demand management)** **45**
3.1 Overview 45
3.2 Principles of aligning IT to the business more effectively 58
3.3 Setting a direction for improved alignment through planning related processes 62
3.4 IT engagement and relationship model and roles 71
3.5 Summary and key take aways 72



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**4 Principles for managing successful organizational change, prerequisites for world class leadership and developing high performance teams 75**
4.1 Overview 75
4.2 Framework for managing accelerating change 76
4.3 Organizing for the IT governance initiative 78
4.4 World class leadership principles and practices 80
4.5 Principles for creating and sustaining high performance teams 84
4.6 Summary and key take aways 89

**5 Program and project management excellence (execution management) 93**
5.1 Overview 93
5.2 Project management is complex, but has significant value 96
5.3 Principles for achieving excellence in program/project management 99
5.4 Making the choice – program and project management light or complex 106
5.5 Program and project governance excellence 111
5.6 Summary and key take aways 116

**6 IT Service Management (ITSM) excellence (execution management) 121**
6.1 Overview 121
6.2 Principles for achieving IT Service Management excellence 122
6.3 What is ITIL and why is it different? 126
6.4 ITIL frameworks, certifications and qualifications 129
6.5 Major ITIL processes and functions 134
6.6 Steps in making ITIL real and effective 135
6.7 Summary and key take aways 136

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**7 Strategic sourcing, outsourcing and vendor management excellence 139**
7.1 Overview 139
7.2 Principles and practices for outsourcing excellence from a customer perspective 146
7.3 Vendor selection, contract negotiations and governance process 153
7.4 Summary steps and key take aways 157

**8 Performance management, management controls and enabling technology excellence 161**
8.1 Overview 161
8.2 Principles for achieving performance management and control excellence 163
8.3 CobiT® and key management controls 169
8.4 Enabling technologies to improve IT governance 174
8.5 Summary and key take aways 177

**9 Summary, lessons learned, critical success factors and future challenges 179**
9.1 Migration plan for making IT governance real and sustainable 179
9.2 Composite checklist for implementing and sustaining successful IT governance in organizations 181
9.3 Lessons learned 202
9.4 Critical success factors 204

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# Pocket Guide

Figure 1.1 – Major challenges for IT identified by a global software company
Figure 1.2 – IT governance – decision rights
Figure 1.3 – IT/Business steering and governance boards, working committees and roles
Figure 1.4 – IT demand management classifications
Figure 1.5 – Select balanced score card metrics for business and IT governance
Figure 1.6 – IT governance - current and future state transformation flow
Figure 1.7 – Future state IT governance - a blueprint concept
Figure 2.1 – Integrated IT governance framework
Figure 2.2 – IT governance maturity - a self assessment model
Figure 2.3 – Summary of current and emerging frameworks that enable IT governance continuous process improvement
Figure 3.1 – IT/Business alignment maturity assessment template
Figure 3.2 – IT/Business alignment, portfolio investment management and project management triangle profile
Figure 3.3 – Strategic IT investment spend alternatives
Figure 3.4 – Business strategy and plan development framework
Figure 3.5 – Information technology strategy and development framework
Figure 3.6 – Business and IT strategic planning process, cycle and timetable
Figure 3.7 – Business/IT engagement and relationship model
Figure 4.1 – Framework for managing change and related questions
Figure 4.2 – Leadership competency model
Figure 4.3 – Summary of operating characteristics present in world class teams
Figure 4.4 – Select technologies for traditional and virtual teams
Figure 5.1 – Program/Project management is complex and requires multiple competencies

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Figure 5.2 – The cost of program and project failure
Figure 5.3 – Project management life cycle phases and key components
Figure 5.4 – Program/Project type - scale matrix
Figure 5.5 – PM lifecycle phases and related templates
Figure 5.6 – Program/Project governance and escalation hierarchy
Figure 6.1 – Benefits of IT service management
Figure 6.2 - The IT service management lifecycle (ITIL v3)
Figure 6.3 - ITIL version 3 service lifecycle, related processes and select activities
Figure 6.4 - ITIL version 3 – qualification and certifications
Figure 6.5 – ITIL v2 service management processes and functions
Figure 7.1 – Sourcing motivations – build versus buy criteria
Figure 7.2 – Five stages of outsourcing
Figure 7.3 – Key deliverables and go/no go decision criteria by outsourcing stage
Figure 7.4 – Vendor selection, evaluation, contract negotiations and award process flow
Figure 7.5 – Scoring and evaluating potential vendors
Figure 7.6 – Summary checklist of managing successful outsourcing deals
Figure 8.1 – IT governance – How it works in a major communications company
Figure 8.2 – A framework for IT governance performance management, management controls and compliance
Figure 8.3 – The balanced scorecard
Figure 8.5 – CSFs, KPIs and key attributes related to IT
Figure 8.6 – Select IT balanced scorecard metrics – a composite of leading (case study) companies
Figure 8.7 – CobiT - IT processes by domain

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# Chapter 1
# Introduction to IT/business alignment, planning, execution and governance

## 1.1 Overview

The issues, opportunities and challenges of aligning information technology more closely with an organization, and effectively governing an organization's information technology (IT) investments, resources, major initiatives and superior uninterrupted service, is becoming a major concern of the Board and executive management in enterprises on a global basis. Information technology (IT) has become a vital function in most organizations, and is fundamental to support and sustain innovation and growth.

Therefore, a comprehensive top-down approach, with bottom-up execution of IT governance, which includes all the activities of business/IT alignment, planning, execution and governance of IT, as well as the leadership of those entrusted with the task, is critical to achieve a cost effective solution. Effective 'management' includes the activities of planning, investment, integration, measurement and deployment, and providing the services required to manage a complex strategic asset.

None of this is easy, or obvious, and this pragmatic and actionable 'how to' pocket guide is intended to draw from about 200 current and emerging best practice sources, and over twenty IT governance best practice case studies.,

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### 1.1.1 Major challenges and issues faced by IT

In our research, we compiled a list of IT challenges and issues, identified by multiple independent sources. There appears to be a common thread running through these issues and therefore, we have summarized them into strategic, value enhancing and execution questions.

**Board and executive questions for IT:**

- Does the IT strategy align with the business strategy?
- Is the IT investment justified, based on its contributions to the business?
- How likely will IT meet or exceed its plans, objectives and initiatives?
- Is IT being managed prudently or effectively? How is it measured?
- How is IT delivering value? Is there a consistent IT business case format used for justifying IT investments?
- Is IT developing and maintaining constructive relationships with customers, vendors and others?
- Is IT delivering projects and services on time, within scope, within budget and with high quality?
- Is IT staffed adequately, with the right skills and competencies?
- Is there a standard measurement for IT investment across the firm?
- How does IT management and operations compare to other best practice organizations?
- How is IT managing and planning for contingencies, disasters, security, and back-up?
- How is IT measuring its performance? What are the key performance measures?
- How effectively is IT communicating its progress and problems to its constituents?
- What controls and documentation have been instituted in IT? Are they sufficient?
- Does the Board review and possibly approve the IT strategy?

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- Is a risk management policy, assessment and mitigation practice followed for IT?
- Is IT compliant to federal, state, country (for global organizations) regulations, and to internal policies and controls?
- Are IT audit policies, procedures and processes in place and followed?
- Is there a succession plan in place for the CIO and key direct reports?

### 1.1.2 Summary of key strategic, value enhancing and execution questions:

**Strategic questions - Are we doing the right thing?**

**Is the investment in IT:**

- in line with our business vision and strategy? is the board and/or executive operating management involved and committed?
- consistent with our business principles, plan and direction?
- contributing to our strategic objectives, sustainable competitive differentiation and business continuity support?
- providing optimum value at an acceptable level of risk?
- representing a long-term view (roadmap)
- including an architectural roadmap, based on a detailed analysis of the current state or condition of IT?
- Does the CIO have a seat at the "C" table?

**Value questions – Are we getting the benefits?**

**Is there:**

- a clear and shared understanding and commitment to achieve the expected benefits? In what areas? How?
- clear accountability for achieving the benefits, which should be linked to MBOs and incentive compensation schemes, for individuals and business units, or functional areas?

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**Are they:**

- based on relevant and meaningful metrics?
- based on a consistent benefits realization process and sign-off?

**Delivery and execution questions – Are we deploying well and effectively? How do we measure our results?**

**Metrics include:**

- scalable, disciplined and consistent management, governance, delivery of quality processes
- appropriate and sufficient resources available with the right competencies, capabilities and attitudes
- a consistent set (of metrics) linked to critical success factors (CSFs) and realistic key performance indicators (KPIs)
- succession planning

**Major IT challenges must be dealt with as part of an IT planning and governance process**

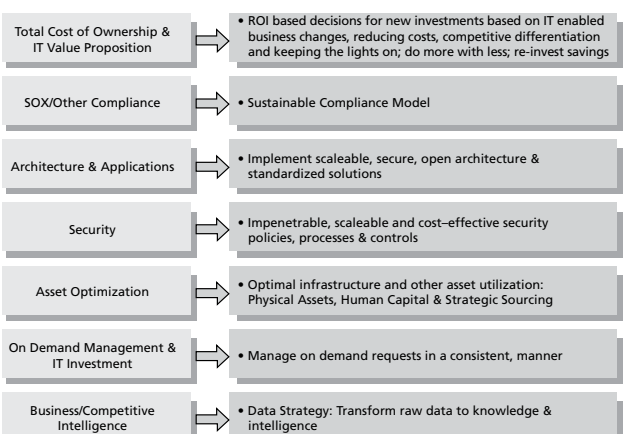


Figure 1.1 Major challenges for IT

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