

Ground rules for the SUCCESSFUL use of IT to address public service cost reduction...

PITCOM Meeting

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This presentation is a shortened and updated
version of a presentation originally given to the
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Issues to be covered

- **Business change not just ICT change...**
- **Key ground rules for success.**
- **Approaches that reduce risk.**
- **Suggested actions.**
- **Final thoughts.**

Driving extensive efficiency savings will need skilled use of IT enabled business change...

- A former Minister once said to me that he: “had no intention of being the Minister for failed computer projects...”
- But many areas of saving will need the implementation of radical business change.
- Fewer projects, properly defined and resourced.
- Properly scoped IT support to that business change will be crucial.



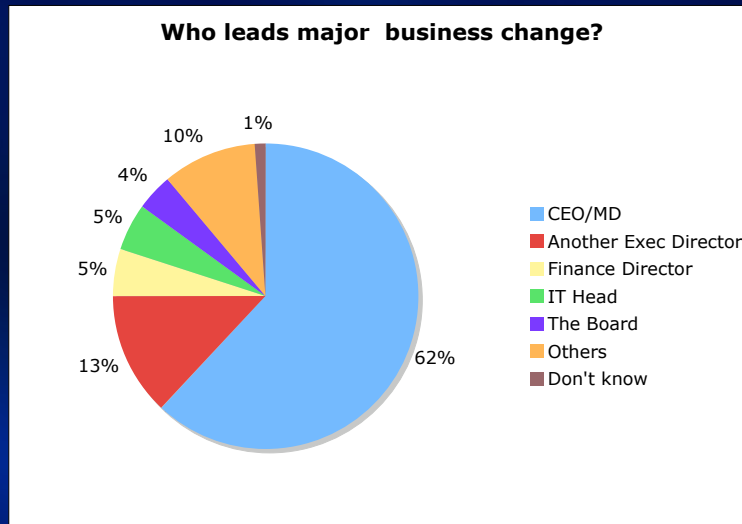
There is no such thing as an ICT project ...

- The purpose of ICT is to enable and support efficient working practices
- Getting these business processes right takes time, consultation and experiment.
- Introducing new business processes takes time and money, and is often disruptive.



In the words of the CSSA/Intellect report “Getting IT right for Government” published back in June 2000: “*There is no such thing as an IT project in isolation from its business change programme...*”

Leadership of ICT enabled business change must be at Board level



Source: IoD Business Opinion Survey researched May 2006



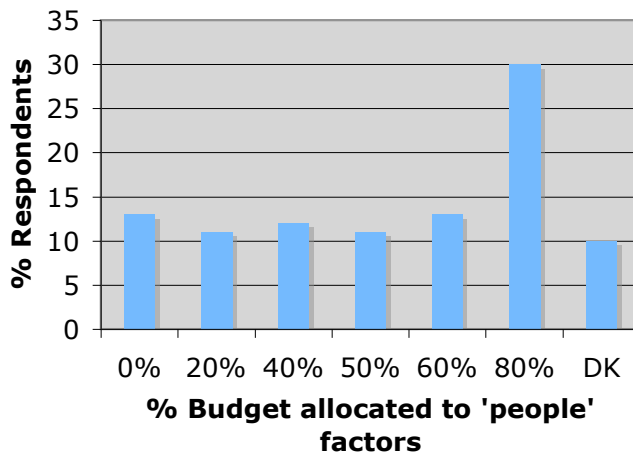
Sectors vary on the degree of Board-level leadership of major change



Source: IoD Business Opinion Survey researched May 2006



What is the typical budget split between technology spend 'people' spend in major business change?

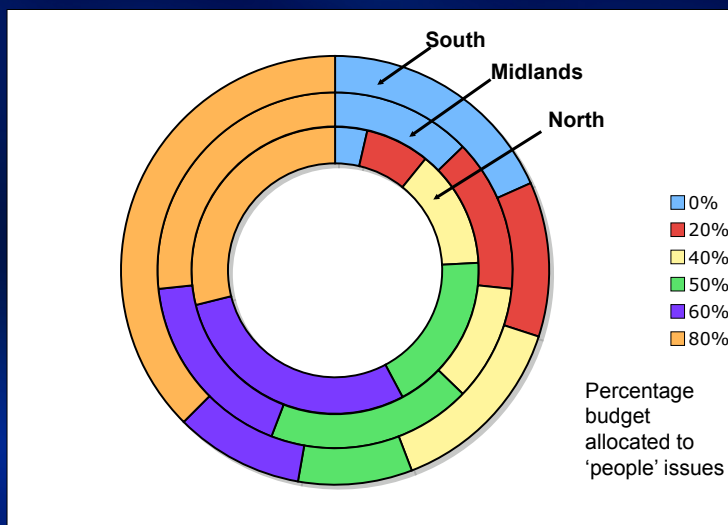


'People' spend includes: business process re-engineering, internal communications, training, changes to performance measurement, reward,...

Source: IoD Business Opinion Survey researched May 2006



There are significant regional differences in the 'people' - 'technology' split...



Source: IoD Business Opinion Survey researched May 2006



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First, understand where you are... scope holistically – budget honestly

If people are at least equal partners with Information Systems in delivering service, then surely they deserve at least half of the project budget allocated to them in order to communicate:

- why change is required;
- how it will be achieved;
- the new skills required;
- the development new business models, and
- to reward positive change?

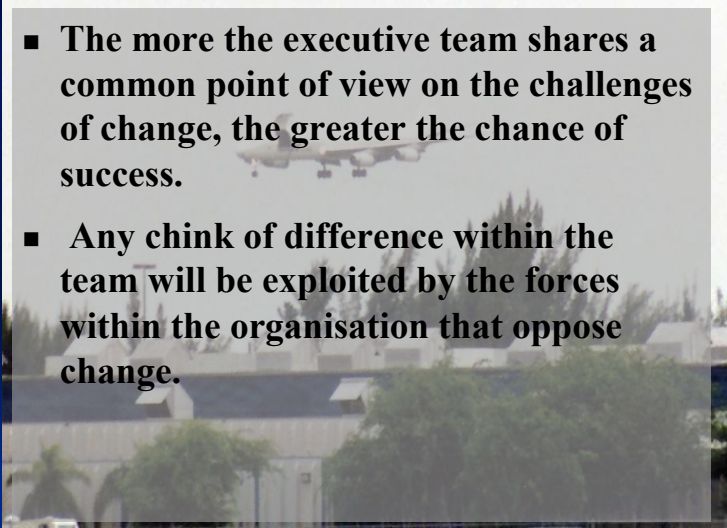
Best practice suggests an allocation of 80% of the budget to 'people and process' and 20% to ICT systems.

Second, provide leadership, sponsorship and governance

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- The change programme must be visibly owned and sponsored at the highest level.
 - The board-level sponsor must have clear authority to resolve conflict before it can get out of hand and block progress.
 - A small steering group of senior executives is helpful to drive speedy decision making, openly sharing information and reducing political inertia.

This is business change not IT change...

Third, ensure executive alignment...

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- The more the executive team shares a common point of view on the challenges of change, the greater the chance of success.
 - Any chink of difference within the team will be exploited by the forces within the organisation that oppose change.

Fourth, don't take too long...

- Transformation programmes have a limited shelf life beyond which little can be achieved.
- An early focus on the positive outcomes of change, and the means for their delivery, is essential.
- Regular (and honest) updates to the steering group by the champions of individual elements of the programme are vital.
- Large projects will develop a life and bureaucracy all their own unless tightly managed.

Fifth, confront organisational resistance...

- Sadly, resistance is inevitable.
- Seek it out and confront it head on.
- Left to fester, it will eat away at the heart of the programme...

Sixth, remember workload, capability and ownership

- The body of work in transforming an organisation is substantial.
- If outside advisers do all work there will be little 'ownership'.
- Allocating poor staff simply leads to ridicule.

Change needs to be driven by the best team, accepting the short-term opportunity cost implied.

Seventh, avoid problem overload...

- Success is highly dependant on starting with a clear understanding of the new business model required and clarity on the path for its achievement.
- The journey offers many tempting diversions.
- Ruthless focus is required in avoiding such opportunities for own goals...

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Create cross-functional teams...

- Such teams break down barriers and reduce the potential for tunnel vision in problem solving.
- Few problems sit neatly in a single function
- The best team members become skilled advocates for the transformation.

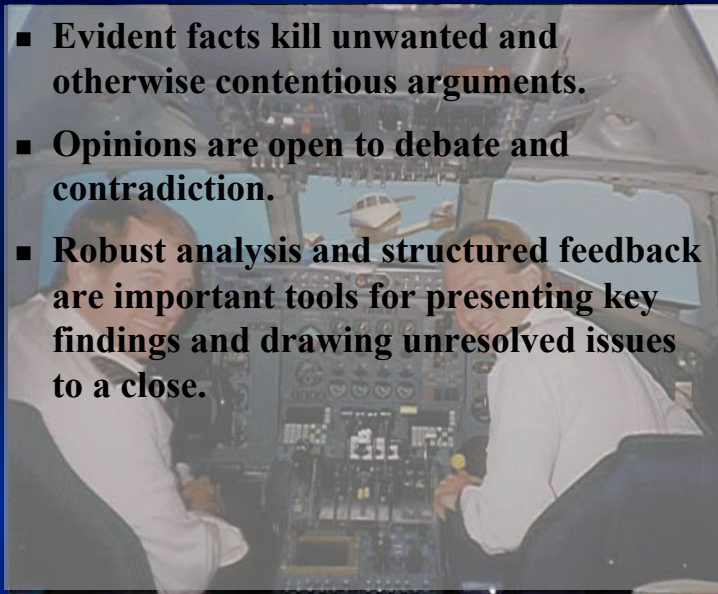
Don't over centralise...

A small number of large linked systems may be more effective (and less vulnerable) than a single mega system.



Use irrefutable facts...

- Evident facts kill unwanted and otherwise contentious arguments.
- Opinions are open to debate and contradiction.
- Robust analysis and structured feedback are important tools for presenting key findings and drawing unresolved issues to a close.



Communicate regularly...

- It is literally impossible to over-communicate during a change programme.
- Far better to get the facts out clearly and quickly, even if not always palatable.
- Left in a vacuum, people will create their own stories based around fiction more often than fact.
- It is vital to address directly the unspoken fears and emotions of individuals and groups.

Document agreements and disagreements...

- The factual and specific documentation of important agreements (and disagreements) acts as a referee in times of crisis.
- Once progress has been achieved, it is important to “lock the doors behind” so that people have to move forward.

These pictures are apparently of an Express Airlines Saab in Memphis. The mechanics had pushed the plane out of the hangar after working on it all night. What they failed to do was have someone riding brakes in the plane, failed to bring chocks, failed to set the aircraft parking brake and failed to set the tug parking brake. They then left the aircraft unattended.

When they returned to the aircraft...

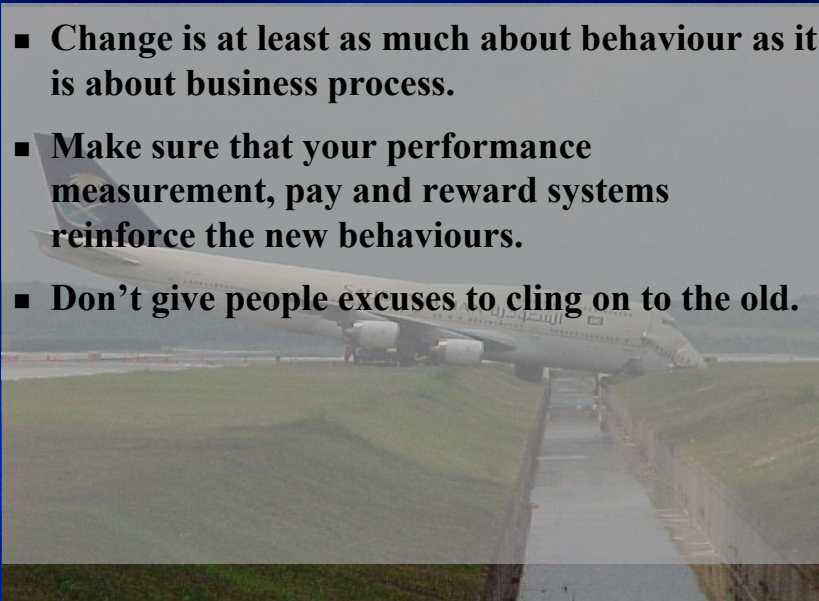
Declare regular victories...

When progress is irrevocable, declare a victory. This brings unambiguous completion to a phase of change and generates momentum for further success.



Adopt reinforcement mechanisms...

- **Change is at least as much about behaviour as it is about business process.**
- **Make sure that your performance measurement, pay and reward systems reinforce the new behaviours.**
- **Don't give people excuses to cling on to the old.**



Finally, practice programme management...

- Too often there is not enough time to get it right, but always time to do it again...
- A well-structured programme management office act as both control centre and communications device.

Sadly, a stream of reports over the last ten years have emphasised that the procurers of “change” projects still tend to regard the people who will operate and use these systems as a necessary evil rather than an integral part of the overall system design, don’t fall for that illusion...

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Suggested actions: Budget & Benefit

Holistic budgeting: Review and revise the Treasury 'Green Book' to make it clear that: "there is no such thing as an IT project, merely business change projects mediated by people and IT", this would have a profound effect on cost-benefit appraisal. Major IT projects would not be authorisable in isolation from their people and business change consequences. Similarly, the existing structure of gateway reviews instigated by the OGC could be formally increased in scope to include all of these people and business change elements (as is already starting to happen less formally for some projects).

Benefits realisation: Reject out of hand all proposals that do not contain clear and quantified benefits realisation plans, as has already frequently been stressed by Government CIO John Suffolk.

Suggested actions: Governance

Machinery of Government: Clarity on the responsibilities at the Accounting Officer/Permanent Secretary level where functions are internally "contracted out" to Agencies or equivalent bodies which may be supporting several Departments (Shared Services). This is particularly important with respect to responsibilities to the National Audit Office (NAO) and the Public Accounts Committee (PAC).

Parliamentary scrutiny: Development of "Business Change Risk Assessments" to be made available to Parliamentarians when new primary legislation is being debated.

Research: Fund the development of stronger software engineering methods that are soundly based on computer science and mathematically rigorous.

Suggested actions: Procurement

Every ambiguity, contradiction and omission in your specification ...

- Adds an unknown amount of risk
- Invalidates the planned costs and timescales
- May require a contract change, transferring risk back from the supplier to the customer

... but drawing up unambiguous specifications is a specialised skill.

The Royal Academy of Engineering (with the BCS and IET) recommends that all major procurements employ a systems architect — analogous to the use of an architect in a civil engineering project.

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Some final thoughts....

- Avoid being the first or the largest.
- Plan and budget the whole business change, not just the IT.
- Manage the technical specifications professionally, avoiding unnecessary changes
- Employ competent suppliers.
- Ensure that any conflicting objectives between the stakeholders are resolved before the technology sub-project starts...

Acknowledgement: With grateful thanks to Mike Lander of Consulting Strategies, Prof Martyn Thomas and the whole of the IET IT Policy Panel

Oh dear...!

But remember,
managing
change is a
continual battle.
Don't ever sit
back and believe
that you have
won!



Presentation can be

Downloaded from: http://www.profjimmorton.com/PITCOM_031110.pdf