

Structuring ICT Management to Align It with the Enterprise, Part IV: Principles of Enterprise-ICT Alignment

Description

In the previous posts in this series, we covered:

- Part I: models of the enterprise and ICT and the need to rationalize the two in order to manage both properly.
- Part II: a four-level enterprise model consisting of strategy, business model, operating model and operational architecture; the need for and value of creating and maintaining the as-is model.
- Part III: the as-is model and its role in the existing EA, planning for transformation and ensuring that the enterprise is equally capable of evaluating changes emanating outside-in and inside-out.

In this post, we will explore best practices relating to enterprise strategy-ICT alignment and ICT governance.

What I Believe About ICT Management

Based on my experience, I have distilled “best practices” into the following list:

- Executive Management must incorporate EA contributions to management and governance. To-Be Enterprise Architecture should be planned to address:
 - a variety of likely changes in the marketplaces in which the enterprise operates (Outside-In drivers, e.g., threats and opportunities) and
 - potential technology developments, new processes or revised methods (Inside-Out drivers, e.g., strengths and weaknesses).
- The enterprise should create and maintain an Enterprise Architecture model.
 - The model should include as-is and a pool of prospective transformation initiatives driven by a set of diverse scenarios. Each initiative should include pro-forma cost/benefit analysis, qualitative and quantitative RAID (risks, assumptions, issues, dependencies) analysis and requestor prioritization.
 - EA should be responsible for the ownership and maintenance of the model and contributions from SME groups and operating departments should be accommodated.
- The enterprise should implement a portfolio management process to inform initiative funding decisions for prospective initiatives in the pool. No initiatives should be funded without going through a portfolio review.
 - EA should review and assess each initiative under active consideration to document its prospective impact across all elements of the EA model, including interactions with other prospective initiatives.
 - Relevant subject matter experts should be brought into the evaluation process as necessary to assess approaches, risks and cost-benefit implications.

- The enterprise should establish a rigorous Investment Funding process to make initiative funding decisions.
 - The process should be managed by an Investment Review Board answerable to the enterprise's executive management.
 - Strategic alignment, EA impact, risk and financial returns should lead the list of criteria on which prospective initiatives are evaluated.
 - Sponsor and stakeholder responsibilities should be clearly and concretely defined.
- The enterprise should establish a PMO function to:
 - ensure consistency and ongoing improvement in execution of initiatives,
 - train new PMs in PM techniques and all PMs in standards and practices,
 - conduct in-process project monitoring and reviews and produce regular portfolio status reports for executive management, sponsors and stakeholders
 - accumulate and create a knowledge base relating to project risk management and
 - maintain a lessons-learned repository.
- The enterprise should establish specialized Subject Matter Expert review boards for relevant disciplines (e.g., architecture, manufacturing management, regulatory compliance, information privacy, etc.) to provide input into the:
 - initiative review process and
 - project initiation and planning processes.
- Either the PMO or an independent ICT Audit function should be conducted post-execution initiative audits to
 - validate the accuracy of results reported by the execution team,
 - identify productivity and cost metrics that should inform future project planning and budgeting and
 - assess and report on the degree to which targeted benefits were realized and any factors that may have contributed to or detracted from achieving benefits.
- Research and Development should be conducted to:
 - Identify prospective technologies or methods that may be worth adopting,
 - assess the potential impacts and benefits,
 - determine where it would be most appropriate to employ them and what the best approach to integrating them would be and
 - conduct POCs, and report on results.

Further Thoughts

You will notice that while this post deals with ICT there is no specific focus on any specific technology, methodology, SDLC, design or architecture (other than Enterprise Architecture.)

Those of us in the ICT trade often spend a lot more time thinking about HOW than about WHAT. As a result, we often do the wrong thing right (we work efficiently to produce something at odds with the enterprise's strategy) instead of doing the right thing (building a deliverable that is strategically aligned) even if we may do it wrong (built it inefficiently or produce something compromised in some way).

We may get excited about the latest toysâ€”currently Big Data, DevOps, Cloud and a few othersâ€”to the exclusion of really considering what the risks are and what the payoff to the enterprise will be. We undertake accelerated, iterative development, assuming that rapid, lower-cost implementation will make up for the failings in what we build or how it fits into the bigger picture. When we operate below the visibility of enterprise-level governance we believe that we are creating value and agility by doing what needs to be done to advance the business capabilities of the business unit that we support. We evade bureaucracy and controls that burden us with overhead and delay the realization of solutions that we want. What often results is a false economyâ€”something that serves an immediate purpose but which creates technical debt that reduces downstream enterprise agility

The â€”best practicesâ€™ that I have listed in this post are, I believe, necessary to govern ICT well and ensure that the enterprise focuses its investments in ICT on those things that align with its business strategy, business models and operating models. There are innumerable options for implementing them, realizing their value while minimizing the overhead they create. That is the subject of the next and final post in this series.

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