

Solving the I.T. Puzzle

By Mike Sebastian

Feels like a recession, doesn't it?

- The U.S. Center for Responsible Lending reports that over two million families are unable to pay escalating interest costs on sub-prime mortgage loans.
- Nearly 100 companies that loaned money at sub-prime rates are no longer in business.
- Investors and CEOs are struggling from the Bear Stearns failure.
- Nearly 100 companies have filed for bankruptcy protection since 2007.
- Car and home sales are down.
- Food and oil prices are up, with no end in sight.
- Over one million layoffs in 2007.
- Morgan Stanley predicts a recession will hit the U.S. this year. Merrill Lynch says it's here! (Thank you very much)

- Anticipating more carnage, the Federal Reserve cut interest rates for four months, trying to stimulate spending.

So, only those of you with recession-proof businesses can blow this off, which is pretty much none of us. Smart cabling executives aren't waiting for the perfect definition of "recession" to act on this news. A college professor once told me, "Nothing clears the mind like a hanging." Maybe the economy will provide the backdrop to some important discussions for what is perhaps one of the most important departments in your company – the Information Technology (I.T.) department.

As an executive of your company, your expectations impact your operations, particularly in areas like sales, finance, project management, and possibly manufacturing. And usually these departments do a pretty good job of supporting your expectations. But, then there's the computer or I.T. department. Goodness knows you like your I.T. guys (espe-

cially when the system is down); they're smart, hardworking people who keep your company running. But exactly what do they do in I.T.? That seems to be mostly a mystery to most managers in this industry. And it's often difficult to get a short answer to what seems like a simple question. You're not unique; there is often a silo between the I.T. department and the rest of the business, a growing number of business unit managers are frustrated with I.T., giving protracted I.T. replies to business questions – or I.T. just saying "no" to requests.

YOU'RE NOT ALONE

If this sounds familiar, sadly it's the norm in many cabling companies, in many industries, actually. The I.T. department seems to be this mysterious entity floating out there in "geek-land." In the past you could ignore or tolerate it. But the cost of I.T. is getting very expensive, and the troops are getting restless. So how can you manage a department you really don't understand—all the acronyms, weird jargon and special handshakes?

The good news is this is changing; I.T. costs too much to ignore, and it's something that can vary effectively – without having to learn programming or network systems. Start by looking at what you and other senior managers know well in cabling – project management. How is I.T. doing in that area? Not well? Let's see how I.T. projects are faring in most companies? The Standish Group, a highly respected I.T. research firm, found the following about the I.T. projects they surveyed: The research found that just over half (53 per-



cent) of the I.T. projects:

- Were on average, 189 percent over budget;
- Were 222 percent behind schedule;
- Contained only 61 percent of functionality initially set in the project; and,
- Only 16 percent of projects were delivered on time and on budget – not what you would call strict project criteria.

So why is this? Why do so many cabling companies, run by very smart people, struggle with I.T.? Technology departments cost too much to ignore; and this isn't the case in all companies. A growing number of large firms in other industries have figured out a few tips that might help you. UPS®, Merrill Lynch®, Barclays®, Dupont®, CPS Energy®, and American Airlines® just to name a few, use technology very effectively and so can you. It would be nice, but an I.T. success template doesn't exist. But the answers to successful I.T. departments are becoming more evident, and there are landmines that you can avoid. Learning a few basic concepts could save your company time and money – something you really need right now! I'm not asking you to blindly accept these ideas. Time on Google® or talking with associates can help you to decide which of these apply. Be forewarned, however, some of these ideas aren't popular.

THE NEW I.T. LANDSCAPE

In his best-selling book, *The Big Switch*, Nicholas Carr, describes how many I.T. functions are becoming commodities. Services you can buy, and the customer will have no idea of the change, often may not even care. A similar transition happened about 100 years ago. Prior to this change, many companies had internal power generators. The companies created their power with steam engines and dynamos. But then companies started offering electricity and, when the technologies became reliable and affordable, costs fell, reliability went up, and companies plugged into electric grids. After all, the customer

didn't care where the power came from, as long as it was reliable and inexpensive. The shift set off a chain reaction of economic and social transformations that brought the modern world into existence.

A similar revolution/evolution is taking place I.T. As you can imagine, the conversations can be very, "ahem," heated. An increasing number of company executives are asking, "Do we need to be in the data center business?" "Do we need to have racks of servers for generic applications as the customers certainly don't care?" Your customer is paying for your in-house data center. There are growing numbers of companies who take some of your I.T. services, and they could be located just down the street. With the proper service level agreements (SLAs) in place, you might be surprised at the money you could save, and your customer could care less. Just like your customers care about your electricity provider, they probably don't care much about your data operations either. So maybe you're still working on an old business model for generic and non-strategic I.T. services. That last point is critical. You probably wouldn't want to outsource all of these services, especially the ones that are unique to your business.

Whether you like it or not, you're in I.T. business now. So, one discussion might be to decide the degree to which you want to stay there. But again, this isn't going to be an easy discussion. And there are win-win compassionate ways to deal with the new realities.

WHAT'S IN A NAME?

Another dynamic at the core of these shifts is the person in charge of your I.T. operations. That person is still important to your organization; in fact I think this person is key to your company's success. But as I.T. has changed, so has his/her role. There are many I.T. director titles floating around: chief information officer (CIO), chief technology officer (CTO), MIS director, I.T. director, and I.T. manager. Whatever the title, the person who runs your I.T.



COMMENTARY ■ Solving the I.T. Puzzle

department is responsible for making sure the technology works; the networks are up, E-mail is running satisfactorily, security is appropriate. This is an important job! But, it is also one that has, or will, evolve to something else. It's the role that all small companies start with.

A small company starts out with a few computers, adds more computers; those computers are networked. In time those systems become a data center, support staff is added, and eventually someone is hired just to manage all of that "stuff." The primary concern is "up" time all the time. The goal is transparent technology to your internal and external customers. If people forget you're there, you're probably doing a good job. It's easy to see how this can be a difficult, thankless, job. (I've read some people even enjoy it!) The point is, a certain personality type thrives in that environment, someone who loves technology, they like working with "things." Very often these people are like scientists or engineers.



One CTO told me, offline, that his idea of "Utopia" was an office, a computer, no phone or contact with other people. If the company wanted to keep him happy, they could slide a pizza under the door once a day, but let him focus on the things he loved – for the most part – the technology. And sometimes these people may lack

interpersonal skills. They may even prefer computers to people. (I'm not making this up.) But, again, when your systems are down, your I.T. director is your best friend. He's the company savior, right?

But, then your company grows, cabling industry is good, the I.T. director may start hinting about a promotion and title. And either in lieu of a pay increase, or with a

bump in pay, you promote your I.T. guru to the new title you're hearing about – the CIO. No big deal – makes him or her happy, maybe didn't cost you anything. Ah, if all decisions were this easy and painless.

Before you pat yourself on the back, let's talk about what may have happened. The new title probably didn't change anything – same guy, same responsibilities. It also puts your CIO in a new career category. But what else – has his focused changed? Spending money on toys and gimmicks and other "tech goodies" appeal to the fancy of the "geek" often fails to increase revenue, and does very little to build solid business/I.T. relations. The big driver here is that new I.T. landscape we discussed, plus new business demands from a more savvy management team. A management team that isn't so quick to accept "no" to their requests.

NEW EXPECTATIONS

Having 100 percent uptime, or close to it, isn't enough anymore. Hardware is pretty reliable these days. All companies have reliable systems, big deal! Your managers are talking with their associates, and hearing about the business and strategic potential of technology. Managers are asking business questions of the CIO/CTO/I.T. director. A common request is getting useful information from that vast amount of data on your systems (known as Business Intelligence or BI). What hasn't changed is that most senior officers find the actual technologies – how it's done – to be a very boring subject. Their concern is business results that can help them meet their goals – hopefully leading to higher sales and profits. But if you simply promoted your technical guru to a position that also requires business acumen, you innocently created a bottleneck that is frustrating your managers. That's why many managers avoid discussions with the person heading your

I.T. operations; they're speaking two different languages – technology and business. (It could also be the reason that your I.T. director isn't welcomed at strategic discussions.)

And don't think your I.T. director is happy about these changes either. Would you promote your most technical engineer to also head up your marketing department? Good intentions, but you're losing time, money, and increasing frustration in the company. While your motives were pure, you may have set up your I.T. director to fail. This critical distinction: CTO is your I.T. guru. The CIO is there to align projects that support corporate objectives. Why is this so important? How many other senior officers' operations affect just every aspect of your company?

But it's easy to see why companies continually make this mistake. Probably 75-80 percent of CIO job descriptions aren't accurate. And there are many CIO classified ads out there – the average CIO is in his job about four years. The company gets frustrated, fires the CIO and, with inaccurate job descriptions hires a new person, and the cycle repeats.

CHANGE MANAGEMENT LANDMINES

So, to what degree do you want or need to be in the computer business? And maybe it's time to reassess the role of your I.T. operations. Again, these are not easy discussions, but they're important, and deceptively simple. And at the end of all of this you may be looking at making changes in your company. Change, as you can imagine, isn't easy for most people. It's uncomfortable, particularly for employees who have been with the company a long time. But you're looking at the greater good

of the company. So, here are some suggestions on how to plan for and execute the change. When business is booming, who has time to talk about these issues, so when is a good time?

Clearly and honestly address these issues. The conversations can quickly get convoluted. A good idea is to focus on your business competencies. What differentiates your company from your competitors, and is I.T. helping or hurting?

Focus on functions, not individuals. In your discussions about our I.T. leadership function, or processes, the focus should be on functions. Anticipate resistance. These issues are not easy and will often threaten some people, particularly people who are part of the company's legacy. Consider outside help. Many management initiatives fail because a well-meaning director sat in on the wrong conversations. Is the dialog truly open when the guy who has the ability to fire people is in the room?

Create a realistic risk profile for change. There are several simple, but powerful, tools and methodologies to help you determine the chances of success that the change will take. An objective party can help facilitate those discussions. Involve the right people. Involve people who have no vested interest in maintaining the status quo. And don't expect many willing participants if the members of these discussions now have two full-time jobs.

Successful change requires genuine sponsorship from the top. Not necessarily during the information gathering process, but in the enforcement process. If you really don't believe the change is necessary, don't try to implement it. If you aren't 100 percent behind it through your actions



COMMENTARY ■ Solving the I.T. Puzzle

don't expect anyone else to take you seriously.

You can make a significant difference in your company, if you strive for sustainable change. Short-term fixes will only hurt you in the long run. These issues are difficult paradigm shifts but addressing them clearly and with resolve can ultimately help your company in so many areas, not just I.T. You will likely have to choose between clarity and consensus. The decisions you make may not be popular, but your goal is to help your company sail through difficult times thrive, regardless of economic conditions. ■

Michael Sebastian is currently a consultant with Compucom. He works with senior officers to help companies get maximum value from their I.T. investments. Mike is also an adjunct professor of I.T. at Touro International University in Los Angeles, CA. Mike Sebastian can be contacted at MWSebastian@gmail.com.

