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7 Essentials that Raise IT's Value to the Business

By Malcolm Fry

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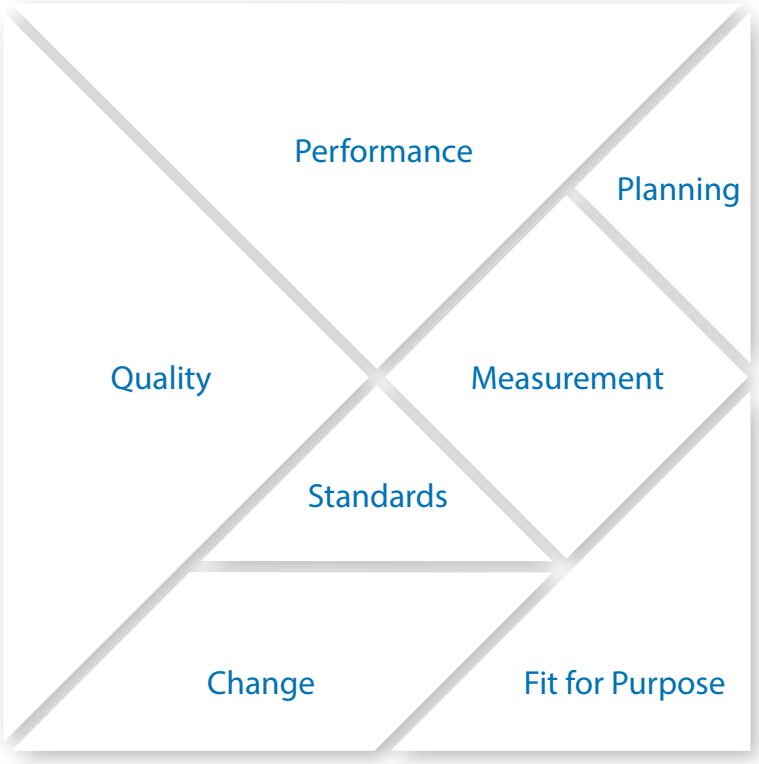

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Introduction

When IT departments set their minds to providing value to the business, an audit, whether formal or informal, of the current "state of the business" yields valuable insight into what's working and what isn't. What many IT departments find is that they're accomplishing a lot of things, but in an ad hoc, dysfunctional way.

This ebook addresses seven practical ways that, when addressed holistically, produce powerful, transformational changes within an organization.
So, what's the secret sauce?

- Performance
- Quality
- Planning
- Measurements
- Standards
- Change
- Fit for Purpose

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1. Performance

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One of the most critical elements of providing value to the business is **performance**.
IT has always prided itself on performance, mostly on doing things quickly.
But the question savvy ITSM professionals ask themselves is actually…

Is IT doing the **right** things quickly?

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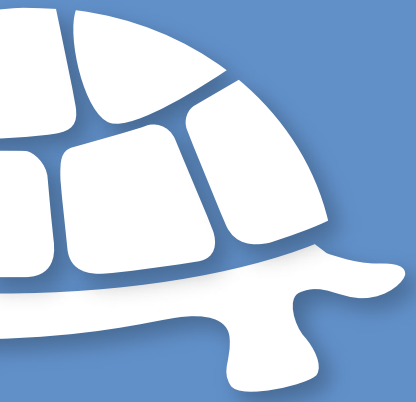

All too often, measures and goals are done in a vacuum without taking a look at the true business needs. Instead, measure the correct things, things the business cares about, and ensure they're done at the correct speed. Faster isn't always better.

Universal performance metrics include things like response times, down times, availability, and the ability to make successful changes timed to when the business needs them. The key to managing performance is to do things at a rate that makes sense to the business, taking into consideration the financial commitment required to reach said performance goals as well as the power or advantage that reaching the goals brings the business.

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Sometimes, things go wrong.

Of course, performance is sub-optimal from time to time. What then? Unfortunately, when businesses get it wrong, they might not just lose one customer, but many, even if it's not their fault.

For example, many of the services at the airport , including luggage handling, are provided by separate businesses. So, what happens when luggage is lost? Perhaps the offended traveler will never fly that airline again, even if the luggage was lost somewhere along a nine-mile conveyer belt system that's shared by multiple airlines and managed by a complex system of automated barcode scanners that route your luggage without human interaction. This system is generally owned by the airport itself.

Consider all of the partnerships or alliances currently in place to deliver a service and all of the possible points of failure.

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2. Quality

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One surefire way to prove value to the business is to reduce costs by improving quality. It's often less expensive to get it right the first time. Some of the costs associated with quality defects include time, resources, and lost reputation, in addition to money.

Quality management is all about maintaining quality at a level the business needs over time—and balancing that against performance, planning, measurements, standards, change, and fit for purpose.

Quality

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“We aspire to 100%”

– Nasdaq CEO Bob Greifeld

Forget 99.9%. Get it right every time. Organizations must break the mindset that IT won’t even try to achieve 100%. Do you think that Bob Greifeld would accept an availability target of 99%?

Would you get on a flight if at the check-in gate, a big sign proclaimed that “99% of our airplanes will not crash”? Of course not. Why not? Because the airline have just told you that they will accept failure and are planning and budgeting accordingly.

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Workarounds are simply an endorsement of poor quality.

Get to the root cause and solve problems once and for all.

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Zero Defects

In 1979, Phil Crosby coined the phrase "zero defects" in his book *Quality is Free*.

The quality manager must be clear, right from the start, that zero defects is not a motivation program. Its purpose is to communicate to all employees the literal meaning of the words "zero defects" and the thought that everyone should do things right the first time.

However, IT organizations must be careful about where they apply the zero defects principle. While it makes sense for mission critical operations, the zero defects approach in areas that don't need it is a waste of resources.

To provide extraordinary value to the business, IT departments must be wise enough to discern and map out what's appropriate for the business.

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3. Planning

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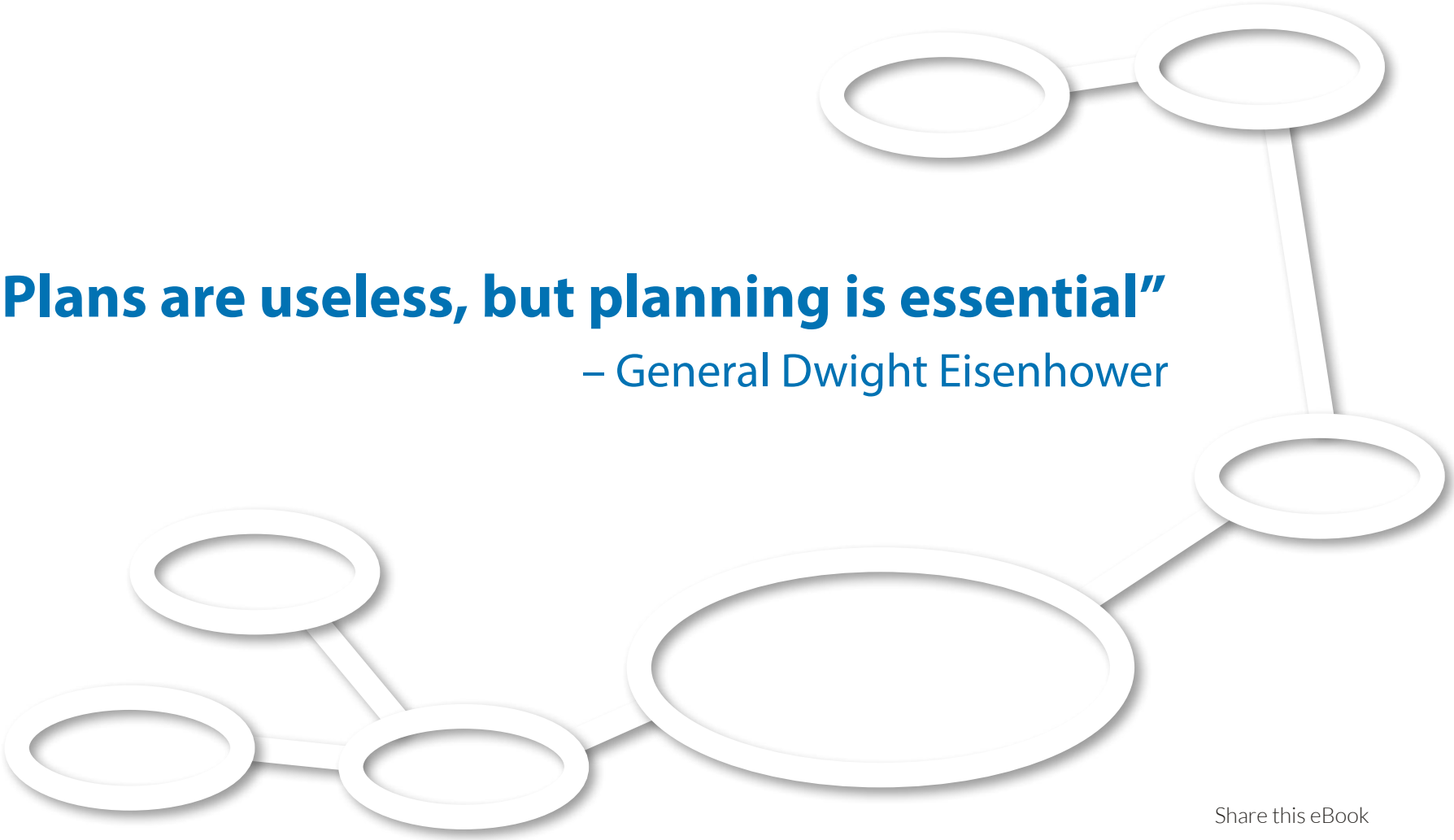

“Plans are useless, but planning is essential”

– General Dwight Eisenhower

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The tie between the service and the business is often thin. This might stem back to the great divide between development and operations, but this division is no longer acceptable. IT tends to plan for a new service pretty well, but forgets service management, the business component. Therefore, there's often a scramble for assets, capacity, availability, knowledge, service desk and staff training, and more.

Planning must include service management from day one. Early planning improves the business' efficiency and ensures success by reducing time, money, and stress. IT can begin working on and delivering on-time ITIL components, which have become the de facto standard for IT services. This includes collaboration and buy-in from business units to ensure the service being provided supports and strengthens overall business objectives.

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It's okay if you haven't been able do it on past projects.

IT organizations are always busy.
If you can't go back and fix earlier projects,
draw a line in the sand, and say

"From now on, we'll do it properly."

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4. Measurements

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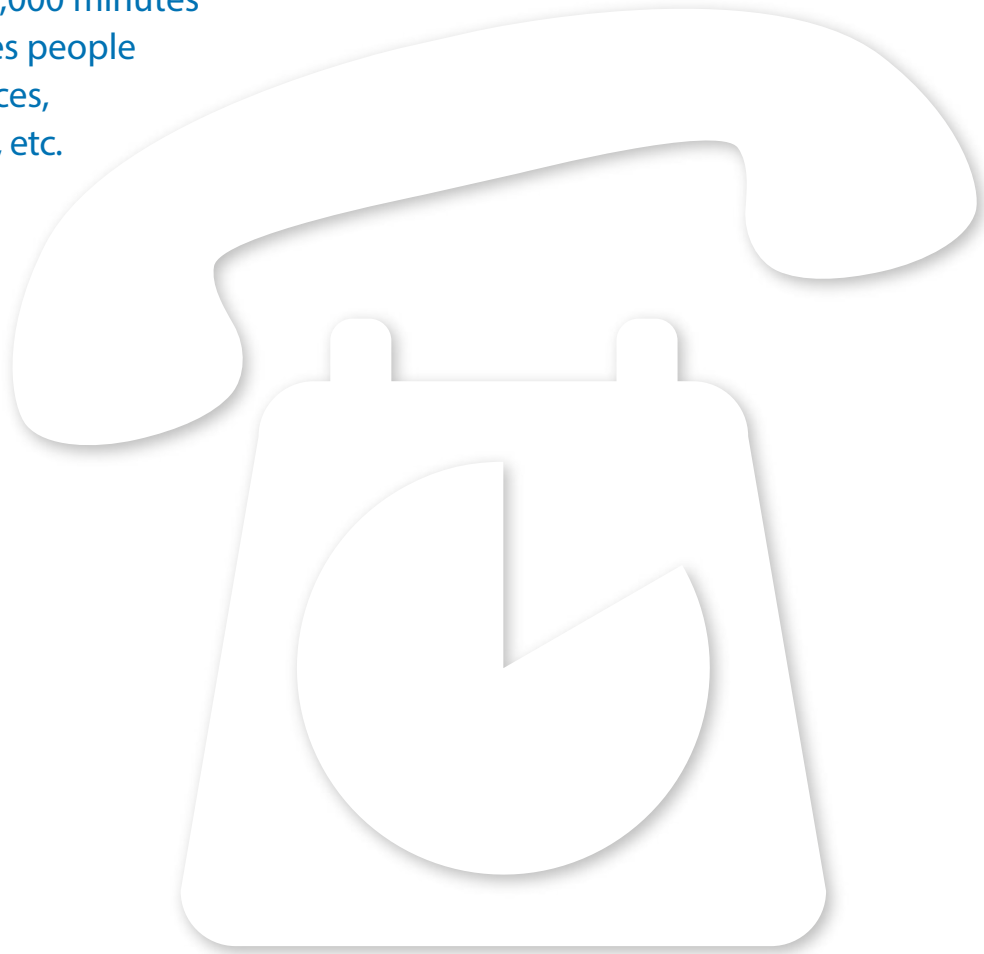
Metrics and measurements are key to any best practice. IT organizations have long tracked traditional metrics like response time, capacity, etc., but that's only half of the picture. Providing value to the business means adding another layer—monitoring the effect that incidents have on the business, something IT doesn't typically track.

If the average support call lasts 10 minutes and the service desk receives 1000 calls a week, the total impact to the business is 10,000 minutes (167 hours) per week of unproductive time—when sales people aren't selling, when accountants aren't managing invoices, when customer service agents aren't assisting customers, etc.

Assuming an average salary of $25/hour, that's $4,175 of unproductive time, plus opportunity costs per week.



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Are you tracking the right stats in your business?

Inexperienced ITSM professionals can get caught up in tracking **vanity metrics**, numbers that look good on paper but have little impact on the business. This egregious endeavor can lead to a lot of wasted energy while striving to maximize stats that don't really matter to the business.

Rather, track **actionable metrics**, measurements that tie to specific and repeatable tasks you can improve on, metrics that support the goals of your business.

If a metric isn't actionable and doesn't positively impact business goals, even if the metric is improved, why track it? Solving incidents quickly is not the key metric; incident elimination is a much more important metric for providing VttB.

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Surprisingly, **10.1%** of support centers still don't produce any metrics, **15.5%** produce metrics but don't report them, and **74.4%** produce and report metrics.
Of the 651 organizations that report metrics, monthly reports were the most popular.

– 2012 HDI Practices and Salary Report

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5. Standards

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Standards Produce Consistency

Best practices and standards are created from decades of experience, which as a result, provide a true advantage to organizations striving to mature. Standards provide immediate value to the business because IT doesn't have to reinvent the wheel, just adapt the standards to their organization.

Standards give business managers, who are used to standards like HIPAA in healthcare and Basel II and Basel III in banking, confidence that IT is doing things properly. This confidence encourages adoption and business alignment as business managers begin to ask if a new service can do this or that.

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Two popular IT standards are ITIL and COBIT. ITIL tells organizations **how** to do it (when and where) and COBIT tells organizations **how well**, or how accurately they're doing it. The former addresses processes and the latter addresses checks and balances. Together they form a strong foundation for maturing IT organizations.

IT

ITIL COBIT

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According to ISO, international standards are…

"strategic tools and guidelines that help companies tackle some of the most demanding challenges of modern business. They ensure that business operations are as efficient as possible, increase productivity, and help companies access new markets."

Benefits include:

- **Cost savings** – International Standards help optimize operations and therefore improve the bottom line.
- **Enhanced customer satisfaction** – International Standards help improve quality, enhance customer satisfaction, and increase sales.
- **Access to new markets** – International standards help prevent trade barriers and open up global markets.
- **Increased market share** – International standards help increase productivity and competitive advantage.
- **Environmental benefits** – International standards help reduce negative impacts on the environment.
- **Commonality** – International standards provide common; vocabulary, processes, procedures and working practices to all businesses irrespective of size or geography.
- **Predictability** – International standards provide an excellent basis for providing guidelines for the creation and purchase of business supporting technologies.

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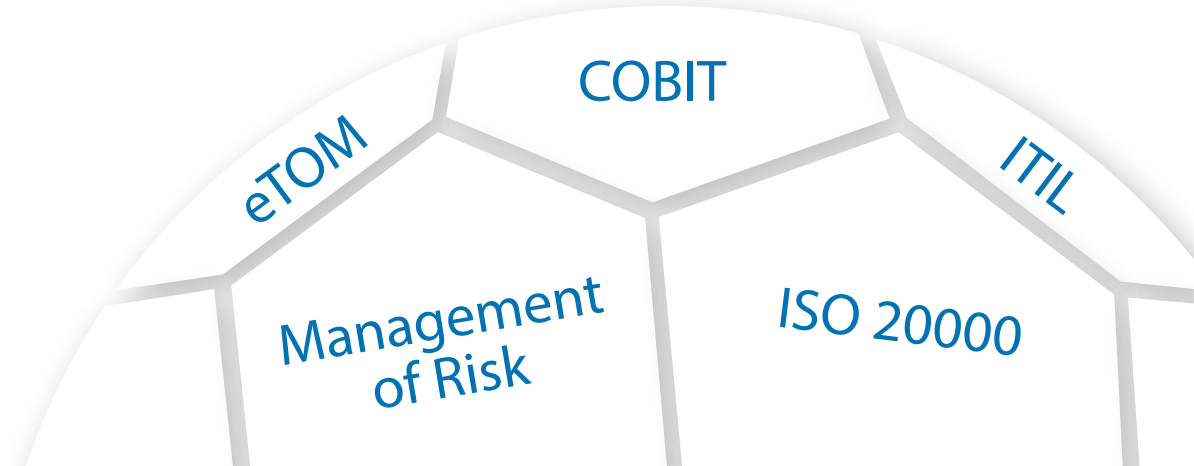
Fortunately, many IT standards exist: ITIL, COBIT, Management of Risk, ISO 20000, eTOM, etc. Research these best practices. Then, take a group of best practices and see how they fit together to achieve business goals.



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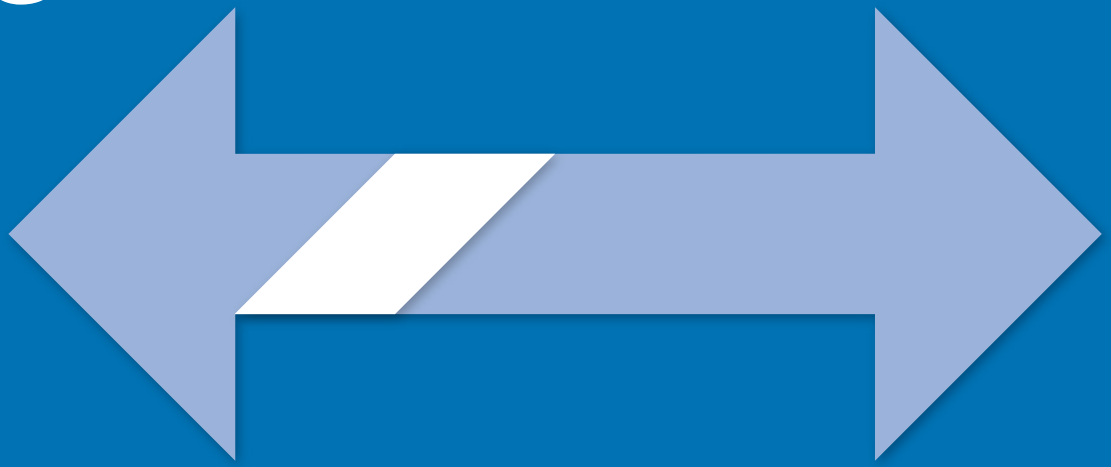
6. Change



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Provide the right changes at the right time.

Failed changes cost businesses millions. In fact, many unexpected outages can be tracked back to change management. The failure of a critical application or server can lead to not only the loss of the application service, but also loss of data, which has significant legal and financial ramifications.

A Gartner study finds that **"Through 2015, 80% of outages impacting mission-critical services will be caused by people and process issues, and more than 50% of those outages will be caused by change/configuration/release integration and hand-off issues."**

– Ronni J. Colville and George Spafford
Configuration Management for Virtual and Cloud Infrastructures

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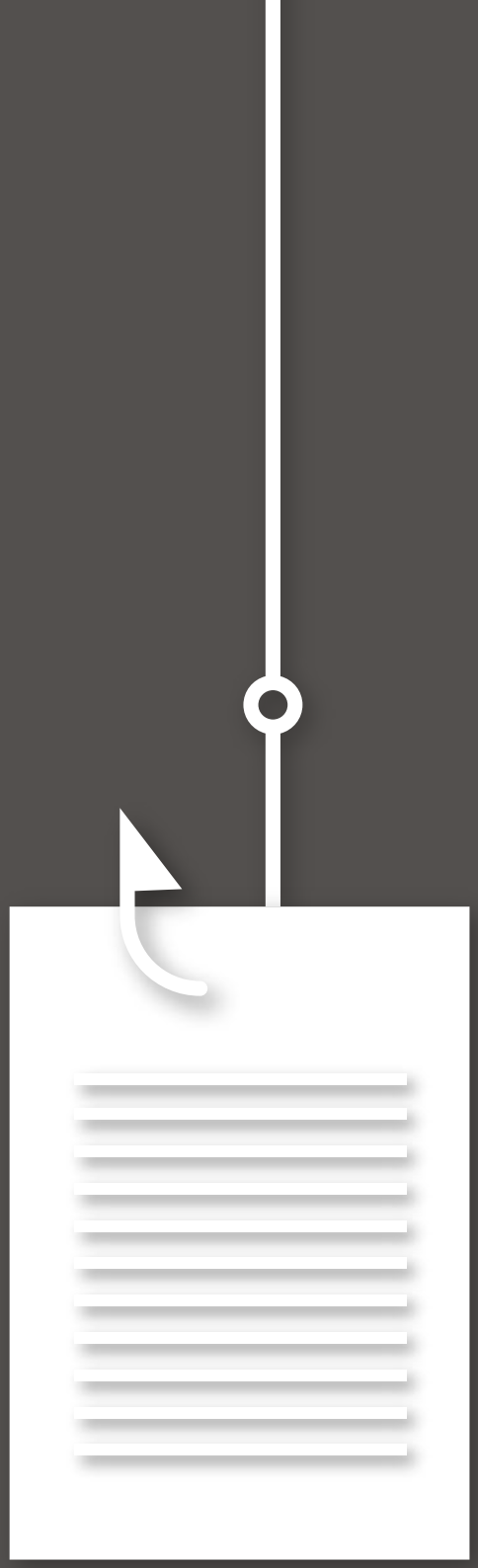
While unplanned outages may be the responsibility of IT to resolve, outages are actually business issues.

A thorough evaluation of business processes can tell organizations how much money is at stake with each hour or minute of downtime. Network administrators know that downtime can cost their company dearly. On average, businesses lose between $84,000 and $108,000 for every hour of IT system downtime, according to estimates from Gartner, Forrester, and IT analysis firms.

In a 2013 study by Ponemon Institute, 52% percent of the 584 datacenter individuals surveyed believe all or most of the unplanned outages could have been prevented.



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To provide value to the business, change managers must ensure that the **right** changes happen at the **right** time and that measures are in place to ensure that the change is performed correctly.

ITIL recommends that when IT first starts to think about a change, an entry is put in the change management system—whether that's a paper system, an excel spread sheet, or an ITSM tool like Cherwell Service Management. Everyone in the organization, including the service desk, can hook into it, provide advice, and get involved.

One simple change that can be applied immediately is that all potential changes must submit a Request For Change (RFC) **BEFORE** any work is performed on that change. These RFC's should be stored in a central location so that all IT staff (and in some cases business managers) can reference them and prepare their contributions to the change well in advance.

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7. Fit for Purpose

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Are your services providing value?

With the advent of ITIL v3, two industry terms emerged: "fit for purpose" and "fit for use." Service value (or business value) can be defined by **fit for purpose** (utility) and **fit for use** (warranty).

- Fit for purpose means that a service fulfills customers needs.
- Fit for use means that a service is available when a user needs it.

For example, it doesn't matter that IT saves a few hundred dollars by providing a PC at half of the cost of a MacBook Pro to graphic designer if the colors are difficult to calibrate and the graphics card cannot render fast enough or with the level of detail necessary to produce quality designs. And if the PC crashes two or three times a day, making it unavailable to the designer, the value to that business stakeholder is diminished further.

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Since business needs are complex by nature and change over time, IT service management professionals need to stop shoe-horning existing solutions and processes into things they are not made for.

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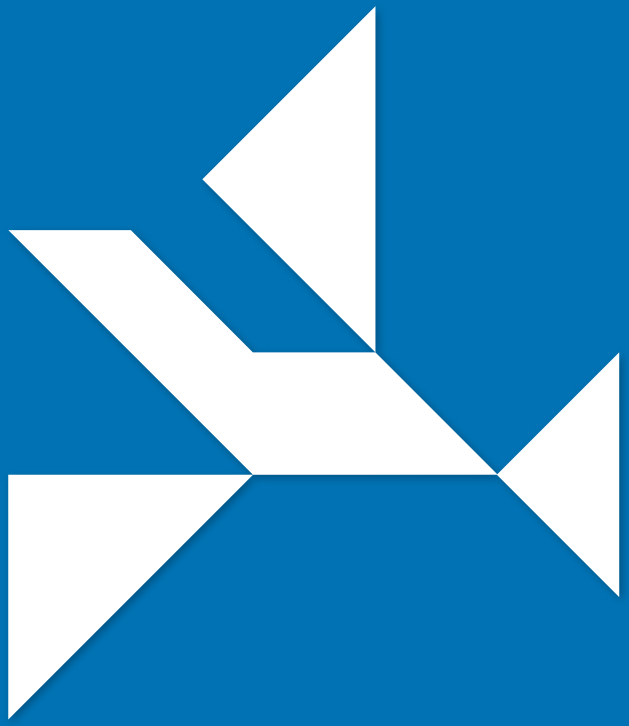
Fit for purpose refers to the ability to provide exactly what IT needs in order to deliver services that the business needs—all in a timely, efficient manner, of course. Fit for purpose ensures that organizations use assets at the right time, in the right place, for the right task, at the right costs.

Balancing fit for purpose is the key to providing value to the business. There's no point spending a fortune to accomplish any of the other six elements at such a high level, if the business doesn't need to operate at said level.



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Bringing It All Together

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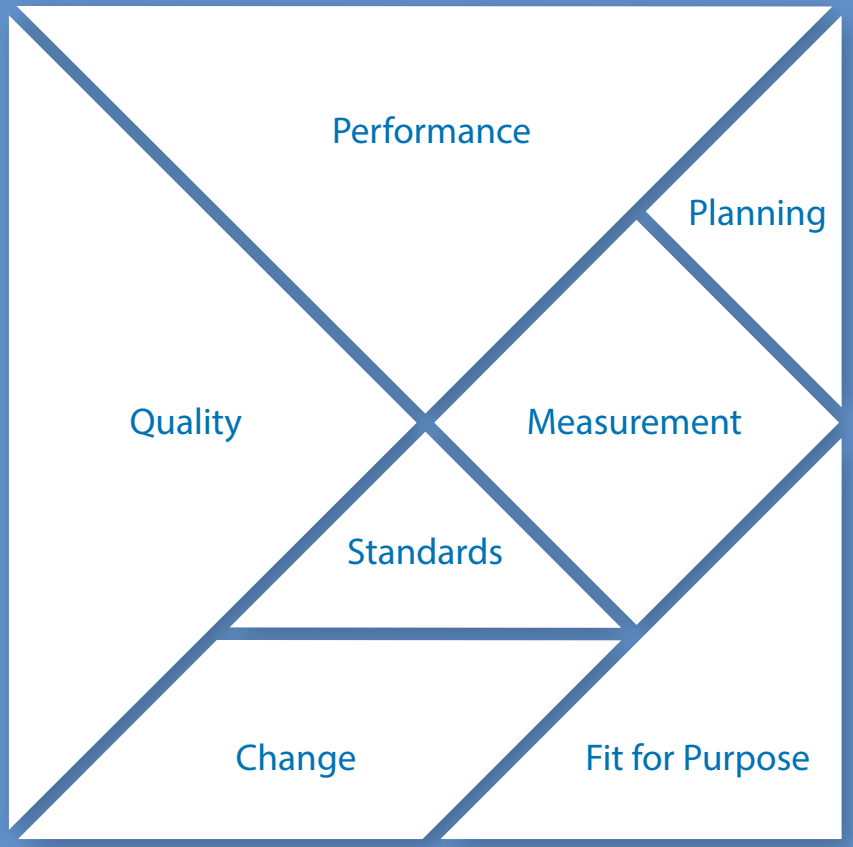
If we plan well, stay on top of changes, ensure that we provide service at a quality level, measure things of value to IT and the business, and provide good performance levels and fit for purpose, a strong, collaborative team capable of transforming the business over time emerges.



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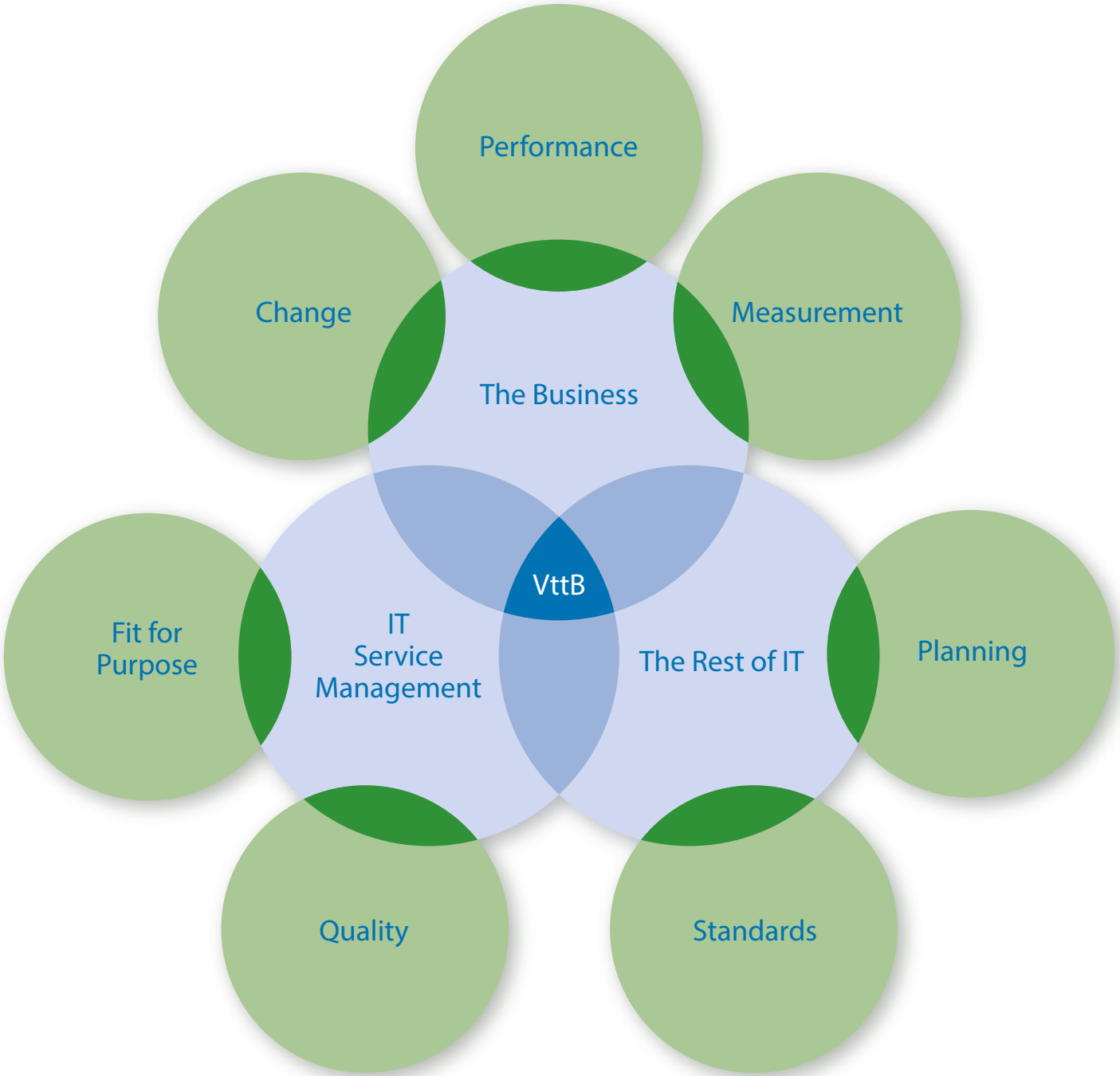

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This team of IT service management professionals, IT stakeholders, and business units, linked by the seven essential elements, provide value to the business.

The framework is three-tiered. The seven essential components form the infrastructure that supports the business to IT, which in turn supports value to the business.

The infrastructure, which takes months to establish, must be in place for the best chance of success.

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About the Author: Malcolm Fry

As a recognized IT industry luminary with more than 40 years of experience in IT, Malcolm Fry serves as a Cherwell Software ambassador who brings an unparalleled breadth of knowledge on IT business and technical issues. Malcolm is the author of many publications on IT service and support, and is regularly contacted as a source of information by technology journalists. Some of his publications include *A Step-by-Step Guide to Building a CMDB*, *How to Build a Service Management Department*, and *ITIL Lite a Road Map to Partial or Full ITIL Implementation*.

Malcolm was also a member of the v3 Advisory Group and a mentor for the *Service Operations* book. In April 2009, he was awarded the prestigious *Ron Muns Lifetime Achievement Award for IT Service and Support*.

About Cherwell Software™

Cherwell Service Management® (CSM) delivers an innovative, award-winning and holistic approach to service management. With the power of CSM, you can win over your customers with the industry's best collaborative self-service portal; work anywhere, anytime via mobile browser and native iOS®; deliver highly acclaimed business intelligence dashboards; and quickly automate your business with interactive workflow automation. Acknowledged by Forrester in 2013, CSM is the flagship product of Cherwell Software, which has corporate headquarters in Colorado Springs, CO, USA; EMEA headquarters in Wootton Bassett, UK; and a global partner network. To learn more, visit www.cherwell.com.

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