



Santa Barbara, CA
(805)965-1400
info@bigSpeak.com
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Leadership and Delivery Model for Accountability

by **Mark Samuel**

Worldwide IS Division | Company Situation and Drivers

The XYZ Group (16+BEuros revenues; 115.000++ FTE's) is active in 170 countries across the globe. As a vertically integrated company, XYZ notably controls 70 production factories producing equipment goods addressing B2B, B2C and B2E market segments. To support the accelerating pace of its global business ambitions and competitive pressures, the company started a major organizational transformation, evolving from country-based to a matrix-mix of product lines, regions and support functions.

Accordingly, their "IT/IS" (1350 FTE's, 4 Data Centers) aligned its organizational design. Coming from separate IT organizations in each region, they progressively adapted a global centrally coordinated model with a mirror-image IT function in each of their regions: North and South America, Europe, Asia and Middle East–Africa.

While the percentage of total IT spending centrally controlled by HQ CIO moved from 10% to 95+%, IT/IS's management team started addressing 4 key recurrent generic objectives:

1. Increased Efficiency (through synergy and scale benefits of Centralization)
2. ...without undermining Effectiveness (Product Differentiation and Services Innovation – Anticipation of and response to either global or local fast-changing business needs)
3. Modify the mix of investments by reducing allocations to "Commodities" while tripling the percentage dedicated to High Value Business Focused Applications
4. Simultaneously improve overall productivity ratios by a minimum 10% per year

These objectives were rapidly declined in a number of distinct initiatives:

- A short, middle and long-term Convergence Plan still in progress to reduce technical dispersion (number of technology constituents and providers), identify High Value Business Needs, promote technology and applicative consistency WW, and insure aligned on-time availability of necessary competencies in adequate geographies;
- Infrastructures outsourced globally to an ESP;
- A Global architectural blueprint managed by global architects on behalf of IT governance in joint IT/Business committees;
- All Application Development and Evolutions governed globally in Business Domains with a focus on Master Applications being the de facto standard for all the company.

To coordinate, a governance and architectural framework was launched in as being XYZ IT/IS's New Service Delivery Model (NSDM).

The New Service Delivery Model's (NSDM) Challenge

Coming from country-based, moving to a global "NSDM" required IT/IS's both Leadership and Middle Management to rapidly change their patterns of work and behaviors. The inherent and ongoing execution difficulties linked to its deployment brought XYZ's CIO to utilize my intervention.

Engagement

The engagement started by an initial assessment conducted both in the US and Europe to identify the execution problem(s) and the calendar of the various steps to address them. Three major observations surfaced:

1. The model wasn't exactly clear enough for all of the IT/IS members and managers.
2. More importantly, even when understood, people still didn't know how to practice it (or behave) within the new dimension of transversal geographically dispersed teams.
3. Coming from a vertical organization, the IT/IS's various levels of management had not yet identified the new common shared values, behaviors and roles which are the basic attributes of team-building and leading organizations.

As a consequence, one of the identified objectives was to move managers from challenging the model itself to questioning how to implement it more effectively; and to evolve from a vertical silo oriented approach to one of shared accountability for results across teams, functions and vendors.

The first step was to form a Leadership Team (a smaller group than the initial IT senior management group) who was to meet regularly and guide the process; and to strategize the role of the team and directions for the middle managers. Two distinct working sessions, 2/3 days each, enabled both the Leadership Team and Implementation Teams to define:

- A compelling vision of what success would look like;
- Their 5 top priorities, like Speaking with one Voice for the Leadership Team;
- Their associated Key Success Factors describing the new ideal habits of performance execution as a unified management group and a self assessment of current performance against the ideal;
- Their interaction agreements such as how should/will we work and recover together;
- And finally, baseline measurements for each of the above that would be monitored and evaluated over time for improvement and effectiveness.

These processes were then deployed, reviewed and progressively fine-tuned, both to ensure adjustments were producing results and to adapt with new emerging requirements.

An "NSDM Risks Factors and Mitigation Plan" covering most of their execution critical aspects (such as Standardization of working environments, Critical Capacities Planning with Recovery Plans and Mandatory Program Management Skills) was implemented; Leading Indicators were deployed on top of already existing Tracking Indicators.

The perimeter was then expanded to:

- A breakdown of trust between different regions and IT/IS's primary external partners resulting in heavily penalized collaboration across the organization;
- And to the 10/15 top projects of their Application Development Portfolio equally suffering difficulties: late deliveries, budgets being exceeded, functionalities misaligned with initial plan, etc.

Simultaneously, my methodology was applied to XYZ's relations with their major ESP where over-reaction and Contract Management was the usual way to address the many on-going critical issues. Relationship and Demand Management was progressively promoted and incidentally extended to IT/IS's relations with their company's various internal users and Support Functions (Marketing, Manufacturing, Supply Chain, Finance, etc...).

Results and Next Steps

After 15 months of my involvement (roughly 6 working sessions of 2 days each plus one hour conference calls every 2 weeks), various improvements were recorded:

The first segment relates to how they now practice the NSDM:

- Trust and Respect, especially with regard to decision making and delegation, is considered a major improvement. Almost all teams report team spirit and teamwork to be high and the challenge(s) now most frequently to be outside IT/IS's boundaries.
- Moved from having to explain and justify the Service Delivery Model to full cooperation, use of it and appreciation for middle managers.
- Across functions alignment. Most efforts were now focused in a unified way on the difficulties of the new technologies and business challenges.
- The Leadership Team is publishing decisions regularly receiving a 90+% positive rating; Self-Assessment of Middle Manager Success Factors of Performance Execution improved by a 70% increase.
- Progressively improved Relationship and Demand Management with their major ESP.

The second resumes specific measurable results. 70% of their most important Success Factors for more effective execution have improved by an average ratio of 65%, translating into significant outcomes:

- As evaluated in July 2007, collective moral is high and Productivity Improvement Ratios are met, both in spite of two unexpected budget reductions during the past 18 months.
- Infrastructure and Working Environments major non conformities (heavily penalizing operations when we started the engagement) were significantly reduced, due to jointly shared more accurate Critical Capacities and Recovery Planning with their ESP .
- As a consequence and for the first time since long, Operations SLA's are currently exceeding objectives.

- In a context where their number of projects was progressively reduced from 1300 to 250, the entire Project Portfolio is now under control, with conformity to the Enterprise Architecture as a mandatory pre-requisite. A significant achievement.
- Recently implemented Leading Indicators are also lowering project risks while enabling faster implementation.
- Within this portfolio and to start with, 13 of their 30 most important projects (representing close to 70% of their annual project budget) were selected, all directly aligned with major business ambitions (Supply Chain, Marketing, Business Intelligence, etc..).
- The first six are now on time and budget while meeting expected deliverables; and conformity with targeted KPI's has improved by 50% for the other 7 projects.

The Future

Support agreed upon recurrent processes of coaching, guiding and empowering IT/IS management while the company is streamlining its entire organization; and to focus on the more on risk "transversal - multi-internal users" portion of their project portfolio, where getting each to specify precisely enough their respective needs and even more, to agree all together on the largest, not the smallest, possible common denominator.

Mark Samuel is an expert on accountability, performance, and teamwork for BigSpeak and BigSpeak Consulting: <http://www.bigspeak.com/mark-samuel.html>



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bigSpeak.com

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