

# JUDGING IT DEPARTMENT PERFORMANCE

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**Based on a lengthy career as an IT project manager and consultant, the author has come to recognize the importance of processes that provide an objective assessment of IT's actual performance. He also experienced that in too many organizations, opinions instead of assessments hold sway. This article explains how to overcome these uninformed biases, objectively judge IT, and use this assessment as part of a continuous improvement process.**

**T**HE TOPIC OF THE PERFORMANCE OF the IT (Information Technology) department is one that can create considerable interest and discussion within the organization. Based upon a lengthy career as an IT project manager and consultant, the author has come to recognize the importance of the development of processes that will provide an objective assessment of the actual performance of the IT section. Beyond making that determination, a requirement exists to develop processes that will provide approaches to continually improve the levels of IT performance.

Virtually everyone in an organization has an opinion about the performance of the IT department, particularly as that performance relates to the delivery of IT products and services. Many of those opinions tend to be subjective and are often based on an emotional response to the work of IT rather than on an objective set of facts. Unfortunately, when it comes to making judgments about IT performance, many of those judgments are more negative than positive.

Several factors work to encourage negative responses to the topic of IT service levels. Those factors include the high levels of visibility for the IT department, the broad coverage of IT work found in the organization, and, the complexity of the work carried out within the department. In addition, the expense associated with the work is often seen as a negative factor. Further, there are the demands associated with

attempting to maintain reasonable levels of technical competency within the IT department. The desirability of the application of technology-based approaches to business needs has both a positive and negative effect on the way IT is viewed. While it is true that sound IT approaches can greatly benefit the business, too often when it comes to the service-level expectations of the internal IT customers for IT services, those expectations are unrealistic.

Another issue is the tendency of people within the enterprise to make judgments about the work of their IT department based on assumptions or hearsay about what is being done in other organizations. Too often, those assumptions and rumors are taken for fact rather than being objectively investigated. It may, indeed, be the case that a competitor is doing a better job of delivering IT services within its organization. Demonstrating that a competitor does a better job with its IT resources and explaining the ramifications of that circumstance should represent a valid business concern, something that needs to be closely examined with an eye toward making improvements that will bring the IT function to a higher level of performance.

## THE REQUIREMENT FOR OBJECTIVITY

Making comparisons between IT functions in the same industry should be viewed as a legitimate issue. IT is a key business driver within

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any organization and there should be a concern, relative to the rest of the industry, as to how the department is functioning. In making comparisons of that sort, however, a caveat should be acknowledged, in that the result of such a comparison is going to be meaningless without an understanding of the background of the IT installations being compared.

The author's experience has shown that where an organization enjoys an IT function that is clearly superior to others within the same industry, that level of performance is never the result of happenstance. Superior IT performance is the result of a number of factors — some obvious and some subtle. Those factors include firm, enterprisewide commitment to the building and maintaining of a strong IT function. Subsets of such a commitment would include:

- An interest within the senior management group that recognizes the business potential of a strong IT effort.
- The development of a climate in which the various business units within the organization understand both the potential and the limitations of IT and are willing to engage in a partnership with IT to allocate limited organizational resources to those ventures that will best serve the entire enterprise.
- A level of IT funding that is adequate to support the approved business and technical demands being placed upon IT. With regard to this item, it should be recognized that much of the onus associated with making senior management aware of the requirement for adequate funding rests with the managers of the IT department.
- The development of an IT culture that maintains a strong service level orientation toward all its customers, both internal or external. Having been exposed to a number of IT organizations, the experience of the author has been that those installations that make a strong commitment to customer service tend to be viewed as providing the best overall service.
- An acknowledgment of the requirement on the part of IT management to maintain a technology balance that provides for the assessment and use of new technologies that will support the changing business needs of the enterprise, without moving to a position that chases every evolving IT panacea.
- A willingness to recognize the requirement to conduct periodic assessments of the performance of the work of the IT department

and to address any negative issues that may arise from such assessments in a candid manner. Those assessments must also include an analysis of the position of the IT department relative to the competitors of the business and to the IT industry in general.

- The development of an IT/ business plan that focuses on the alignment of the work within the IT department with the business goals of the organization.

Being in the enviable position of enjoying a strong IT department is something that has to be built over time. That being the case, the reason why a particular organization enjoys a superior IT installation is going to be found to be the result of a heavy commitment on the part of the management of the department and of the organization's senior management to develop that strong IT function. Unless strong IT performance is seen within the organization by those who have the power to make that happen as an organizational goal, and as a result are willing to make the commitment required to make that happen, it will not occur.

Assuming that a goal has been established to build and maintain a strong IT department, two considerations need to be put in place to achieve that goal. A method must exist that can be used to provide an objective analysis of the level of IT performance at any given time. In addition, there must also be a process in place that provides an analysis of whether or not that performance level is increasing.

### **THE BENEFIT TO IT IN PERFORMANCE ASSESSMENTS**

The importance of the topic of consistently improving both the array of IT services and the quality of those services should be seen as one of the salient IT goals. One way to attain that goal is through the use of a process that provides a careful and objective periodic review of the work of the department. Absent such a process, no one will be able to determine, with any degree of accuracy, how well the IT department is fulfilling its mandate.

The stature of the IT department and, as a result, the ability of the department to develop and grow, are tied to the perception of those who use the services of IT (virtually every entity within the organization and many outside the organization). When emotion and politics color the work of the department, time and effort that should be devoted to making improved use of the technology are dissipated on unproductive squabbles. Where an IT department can

demonstrate, through the use of facts, that it is delivering quality services and that it is committed to continuing to do so, many of the ancillary political issues are going to be overcome.

In considering the topic of the use of “facts,” it should be recognized that what may be seen as a “fact” in one area may not carry the same value in another area. Therefore, it will be important for IT management to gain acceptance from all areas involved — senior management, the business units, and, where appropriate, external customers — that the facts being used to make the performance judgments are agreed upon.

There is much to be gained in moving the making of judgments about the performance of the IT department from emotion to fact. In pushing to make that change, the managers of the IT department must recognize that as the facts emerge they may not embellish the image of the department. If, indeed, IT performance levels are not high, increased pressure is going to be put on IT to make the needed improvements. Although it can present a painful circumstance, facing up to reality is the first step in making the required progress.

Acknowledging that the department (and by extension, the organization) would benefit from an objective performance review will present a challenge for IT. Further, recognizing that an additional process will be needed to monitor progress against whatever improvement plan is developed and to take the steps necessary for continuous improvement will add an additional aspect to the task of managing the IT effort. Despite such concerns, the management of the IT department should recognize the value inherent in installing and maintaining a performance assessment process.

Some of the benefits to be realized from the use of the performance assessment process include:

- Where the work of the IT department is good, being able to illustrate the value of that work in a factual manner will strengthen the perception of the work of the department at the senior management level of the organization.
- Using an assessment process will enable the department to adequately address the “compared to what?” questions, i.e., how does our IT function compare with the performance of other organizations in our industry, in relevant industries or the IT industry in general?

- One of the results of each assessment session should be the development of a set of goals to be attained in order to improve the delivery of the IT services. Setting those goals and coming back at a later date to ascertain whether or not they have been achieved and to what extent provide a catalyst to continually raise the level of IT performance.
- Being in a position to objectively judge, monitor, and improve IT performance, coupled with a strong commitment to improving the quality of the IT products, can be a powerful tool in the process of attracting and retaining high level IT employees.

### **DEVELOPING THE PERFORMANCE MONITORING PROCESS**

In thinking about how the goal of continuing IT performance improvement is going to be achieved, three issues must be acknowledged:

1. There must be a process in place that provides an accurate assessment of the current level of IT service as that service is delivered within the organization and to the external customers of the organization. That assessment must be constructed on two levels. One level will be to assess performance within the organization itself and within the organization’s industry in general. The second level will be to make determinations of the status of the IT department with regard to the IT industry in general.
2. A plan must be developed that outlines the perceived strengths and weaknesses within the IT department and identifies approaches to be used to build on the strengths and overcome the weaknesses.
3. A formal procedure is required that can be used to monitor progress against the plan in order to judge whether or not the desired progress is being made.

### **CONSIDERING THE ISSUE OF IT FUNDING LEVELS**

A process must be developed within the enterprise that sets the level of IT funding. That spending level should be the result of several considerations:

- Decisions must be made about the role of the IT function within the organization. Those decisions must be based upon several criteria, including:
  - The first must be the consideration of the current status of the IT function with

regard to its ability to provide basic levels of service to the business units. Those items that constitute “basic” service levels within the particular organization must be identified. That list will vary from organization to organization. As an example, items such as production processing, customer service IT security and the protection of the organization’s data would be universally viewed as basic IT functions. Beyond those concerns, in some organizations, items such as the development of sophisticated database processing or a strong Internet presence might also be considered basic IT functions.

- When decisions have been made regarding the identification of the basic IT services, the obvious follow-on question has to do with whether or not those service levels are currently adequate and, if not, to what level they should be improved.
- The issue of the mission of the IT department as it relates to the business mission of the enterprise must be addressed. The first question here concerns the way in which the IT department can make the most significant contribution to the business of the enterprise. Questions, such as how do we want to use the technology?, what technology should be used?, and how do we develop the IT staff to meet our expanding business needs? should be raised and answered.
- The question regarding how much expense the organization can provide to fund the IT effort must be answered. What is likely to occur is that a gap, perhaps a large gap, is going to open between what is desired and what can be afforded. At this point, having identified the needs and desires of the organization relative to the ability of IT to respond to those needs and desires, the next step is to develop a set of business-development priorities. The idea here is to ensure that whatever spending level is finally settled on, those dollars are going to support the most pressing needs of the business.

Within the context of the adequacy of the levels of IT service to particular departments, perhaps a more appropriate question rather than “how much?” would be to ask “how good?” Defending itself against an argument that “not enough is being done for our department” should not be seen as an IT issue. The level of IT resources provided to a particular department should be made at the senior management level, not by individual departments

or by the IT department. Allocation of IT resources should, to the fullest extent possible, be based on business needs, not on the desires of individual departments.

It may be the case that the negative concerns about the performance of the IT department are completely valid. It may also be the case that those concerns are far from accurate. Obviously, it is in the best interest of the IT department to attempt to have judgments about its performance, whether good or bad, made in the fairest possible manner. Where a good job is being done, that fact should be recognized; where performance is less than satisfactory, that fact should also be recognized. In either case, performance judgments should be used as a basis for making continuing performance improvements. To be effective, those judgments must be based on an objective analysis of the work of the IT department, not on emotion.

#### **DEVELOPING A FRAMEWORK FOR ASSESSING AND MANAGING THE REVIEW OF IT PROJECT PERFORMANCE**

The place to begin the process of evaluating IT performance is through the establishment of a set of performance criteria. It is important to recognize that two sets of criteria should be used in making the performance judgments. One set should focus on what is occurring within the industry and the other should be based on those issues deemed important within the particular organization.

In thinking about the development of the internal performance criteria, it will be important to take the time to carefully identify those items that really are the most important to the organization. The process of identifying those items should be based on input from all areas within the organization that use the IT services. One method that can be used to develop that data is the use of an IT survey that is distributed to all internal IT customers.

If a survey is used, consideration should be given to obtaining assistance from an outside organization that has experience in the development of such documents. Because the survey is intended to identify a number of critical IT performance issues, it is important that the document be as well done and as comprehensive as possible. Although it may appear that the development of the survey would be an easy task, skill is required to get it right. The selection of the questions within the survey and

the way those questions are asked can have a strong influence on the way they are answered.

When the survey is developed in-house, a high probability exists that many of the questions will be posed so as to produce a set of desired answers, rather than answers that best address the issues involved. Given that this may be the only opportunity to identify the performance criteria upon which judgments are going to be made about the work of IT, taking the steps to get things right should be seen as sufficiently important to obtain professional assistance.

Using the two sets of criteria (internal and industrywide) provides the ability to make observations about the performance of the IT department from both an internal perspective and from the broader perspective of what is occurring in the IT industry in general. It is important to take a broad view of the issue of IT performance. Understanding not only how well the department is serving the enterprise, but also how well it is positioned to deal with advances both within the particular industry and within the larger area of IT technology in general, provides the needed balance to make sound performance judgments.

Where the issue of performance is only considered internally, it will not be possible to make judgments about how the IT department is doing relative to the changing world of technology. As an example, it may be that the department is doing a good job of providing strong IT services for the enterprise but, because it has an insular orientation, there is a failure to remain current with the changing technology. The danger in that circumstance is that the IT department is likely to be falling behind the technology curve and no one will be sufficiently aware of that situation to mount an effort to take the action required to correct the problem.

Over time, such a circumstance is going to present a costly problem for the organization. One of those problems is going to be associated with the considerable expense associated with moving to a more advanced technology position. Another problem involves the difficulty inherent in making the transition. Being forced to mount a massive project to move to a current technology position will produce considerable stress on the entire organization. The best approach with regard to the topic of where the organization should be relative to the current technology is to make a commitment not to fall too far behind the curve.

As an example, although there have been a number of problems and some failures with the introduction and use of E-business processing, those organizations that recognized the value of the technology early on and made a controlled effort to master the technology have reaped considerable gains from the effort. Conversely, organizations that did not recognize the potential of E-business, or simply ignored that potential, rather quickly found themselves in a position of attempting to catch up with their competitors. Clearly, a need exists in determining the performance of the IT department to make an awareness of what is occurring in the industry an important factor in that process.

As is the case with any IT initiative, the movement to the process of judging the performance of IT is going to require a commitment on the part of IT management and the senior management group. Four major components of that commitment are required if the performance judgments are to be effective to include:

1. One issue has to do with the allocation of adequate resources (time and money) to develop and install the performance assessment processes.
2. As the process is used and information about the performance levels of IT becomes known, there are certain to be areas where the need for improvements, perhaps major improvements, are going to be uncovered. As that process unfolds, it will be important to work to avoid finger-pointing; the goal should be to develop a candid performance assessment and work to make the needed corrections, not to place blame.
3. Once the assessment has been completed, a plan must be developed and presented to senior management to correct the problems that have been identified. Following through on that plan could take a considerable amount of time and require a high level of funding, but failing to act will only ensure that whatever is wrong will only get worse.
4. When the plan has been initiated, a need will exist to monitor progress against the plan on a periodic basis. That monitoring process must be carried out in a candid manner. Where progress has not been as anticipated, approaches must be developed to overcome those situations.

**CONCLUSION**

Developing an environment in which the performance of the IT department can be continually judged on the basis of fact should be seen as an important issue in every organization. One aspect of that judgment process must be to make certain not only that the IT performance levels are satisfactory, but that the work focuses on both the immediate and future needs of the enterprise.

IT performance must not be seen as solely an issue to be addressed within the IT department. All areas of the enterprise must recog-

nize the importance of an IT effort that performs at a consistently high level. Those departments should understand that they have a vested interest in maintaining a strong IT function and, as a result, should be willing to actively support the growth of the IT department.

Where a strong set of IT products and services is being delivered, that performance should be recognized and rewarded. In those instances where performance is not deemed acceptable, the managers of the IT department must be willing to take the steps required to bring about the needed improvements. ▲