MOVING BEYOND WORDS TO ACTION!

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"After all is said and done, there is more said than done"

While there are already proven approaches available to address the challenge of realizing business value from IT investments, adoption of these approaches continues to be limited. We must put much more focus on understanding the constraints to adopting proven solutions that already exist, and identifying and implementing approaches to overcoming those constraints. IT governance is increasingly seen such an approach, but with the current focus of most governance activity on the operational aspects of IT - not on the realisation of business value – this will not happen. The accountability for business value does not lie with the IT function, but with the business, including the board and executive management. Yet, while much is said on this topic, there is limited or no understanding of the problem, and even less appetite to do anything about it. Val IT™, from the IT Governance Institute, is introduced as a framework that can be applied to facilitate engagement of the board and executive management. Effective application of such a framework must be managed as a program of change and must focus on moving beyond words to action.

Introduction

The author's of this book are to be congratulated for adding to the body of knowledge around Enterprise Governance of IT, specifically as related to the realisation of business value from today's increasingly significant and complex investments in information technology. While this body of knowledge has been growing for well over a decade, it could be argued that while every addition makes a positive contribution, the basic fundamentals have not changed for some time. Many current writings present these fundamentals as new ideas, often using slightly different language or models to describe what are essentially the same fundamentals. At the same time, the take up of these fundamentals continues to move at little more than a snail's pace. As Craig Symons of Forrester commented to me recently, "One of the things that never ceases to surprise me is that IT investment management (portfolio management) as a management process has been around since 1981 yet remains very immature in many organisations." He went on to add that "Another issue is [my IT clients'] inability to get the business leadership interested in IT governance and engaging more actively with IT." These comments certainly support my own experience, and are line with discussions that I have had with others including the Butler Group, Cranfield University's School of Management, Gartner, and the University of Antwerp Management School (UAMS) – ITAG Research Institute, to name just a few. Whilst we should certainly continue adding to and improving the body of knowledge around this topic, we will not turn words into action until we put much more focus on understanding the constraints to adopting proven solutions that already exist, and identifying and implementing approaches to overcoming those constraints.

In *The Information Paradox*[1], we identified that the challenge facing enterprises today is not implementing technology, although this is certainly not becoming any easier, but implementing IT-enabled organisational change. While the focus in the book was managing programs of IT-enabled change, we also pointed out that implementing what we then described as the Benefits Realisation Approach, now more often described as Enterprise Governance of IT or Enterprise Value Management, is also a major change program, and should be managed as such. At a high level, we identified three stages of managing change:

1. **Awareness** that there is a problem and of the need to do something;
2. **Understanding** of the problem, what needs to be done, and commitment to act; and
3. **Action** to develop and/or acquire the necessary capabilities to implement and sustain change.

While, as described above, much of the focus up to now has been on developing capabilities, i.e. solutions, the real challenge as it relates to managing the organisational change required is getting awareness and understanding of the problem by those who need to commit to the solution. In the more than ten years that I have been speaking around the world on this topic, a comment that I invariably get at the end of any presentation is “My boss should have been here!” Middle managers and practitioners, including consultants, are generally aware of and in many cases understand the problem – they often recognize what needs to be done but are not usually the decision makers - in most cases they do not have the authority or resources do it. Most executives, those that do have the authority and the ability to deploy resources to do something about it, are not always aware of the need, rarely understand the nature of the problem, and, as a result, have little interest, let alone commitment, to do anything about it.

The balance of this chapter explores why this state of affairs exists, and what we can do about it.

Awareness of the problem

It is hard to believe, given the amount of press that has been given to the problems associated with getting value from IT, that any board member or executive would not be aware of the problem or realizing demonstrable value from IT investments. In all too many cases however, it is seen as a problem other organisations have – “We do a pretty good job of this!” is a common response. This reflects one or a combination of lack of information, over-confidence in executive abilities, the so-called “confirmation bias” – seeking or interpreting evidence in ways that support pre-existing beliefs, or straight denial. Another common response is “We’re no worse than anyone else!” – hardly an inspiring rallying cry. The responses also reflect that while governance is important, it is not exciting – it doesn’t grab headlines and does little for the ego or, sadly, the CV.

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[1] Thorp, J. (1998). *The Information Paradox:: Realizing the Business Benefits of Information Technology.* Canada: McGraw-Hill, Canada.

Understanding the problem

Where there is awareness of a problem, it is generally seen as an IT problem and the responsibility to fix it, along with the blame that comes when it is not fixed, is abdicated to the IT function. I say abdicated because the reality is that value does not come from technology itself – it comes from how organisations use the technology. This today often involves rethinking the nature of the business, the business model, business processes, people skills and competencies, organisation structure, physical facilities, etc. Even if the IT function had the ability to do this, which is rare, they do not have the span of control or authority to implement the necessary changes – this is and must be the responsibility of the business and the business must be held accountable for the realisation of value from their use of technology. Unfortunately our understanding of the nature of change and how to manage it has not kept pace with the rate of technology innovation. As Geoff Codd says in *The Drowning Director*[2], "…many top people speak the language of change but have little understanding of what it all really means in practical terms".

An even more fundamental problem in many enterprises is that there is limited understanding of what constitutes "value" for the enterprise, or how value is created. Strategies to create and sustain value are often poorly defined and even more poorly communicated. In a recent Harvard Business Review article[3], the authors suggest that most executives cannot articulate the basic elements of strategy of their business - objective, scope and advantage - in a simple statement of 35 words or less - and that if they can't, neither can anyone else. Research at the IT Leadership Academy[4] suggests that the main reason for over 60% of IT projects that were deemed to be "underperforming" or "disappointing" was not the technology or project management – it was bad business strategy. It would appear ironic that executives who cannot adequately define what is of value to their enterprise are frustrated that they cannot measure the value received from their IT investments.

Denying complexity

Another common response at this point is "You're making this much too complex!" There is indeed some truth to this given that the IT industry appears to have single-handedly invented English as a second language, i.e. talking in "techno-speak". There are also a growing number of what are perceived to be competing frameworks in the marketplace. "Should we use COBIT™[5] or ITIL™[6]? How do they relate to Val IT™[7]?" How does the new ISO 38500[8] standard fit?" are among the many questions asked at this stage. This is certainly an area where there is an opportunity to both simplify terminology - a common taxonomy would be a start – and to better communicate the relationship between what are often seen as competing frameworks. A former colleague of mine used

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[2] Codd, G. (2008). *The Drowning Director*, U.K.: Pen Press Publishers
[3] Collis, D,J., & Rukstad, M.G. (2008). Can You Say What Your Strategy Is? *Harvard Business Review*, 86(4), 82-90
[4] May, T. Opinion (2008*): Why enterprise strategy matters to IT*. Computerworld, Management
[5] *Control Objectives for Information and related Technology* (COBIT®), IT Governance Institute (ITGI), U.S.A.., www.itgi.org .
[6] ITIL Version 3, Office of Government Commerce (OCG), U.K., www.ocg.gov.uk .
[7] *Enterprise Value: Governance of IT Investments: The Val IT Framework V2.0 (Val IT),* IT Governance Institute (ITGI), www.itgi.org .
[8] ISO 38500, *Corporate governance of information technology*, International Organisation for Standardization (ISO), www.iso.org .

to talk about "the tyranny of *or* versus the beauty of *and*". The question shouldn't be "Do I use Val IT, COBIT or ITIL?" but rather "How do I use Val IT, COBIT and ITIL?"

Again, however, the reality is that the way technology is being used today, and the business changes required to use it effectively to drive business value are increasingly complex. Enterprise Resource Planning, Customer Relationship Management, Supply Chain Management, Business Intelligence, Social Networking, etc. are extremely complex programs of business change. Denying complexity – taking a simplistic view of change – only increases complexity. Only when complexity is understood can it be simplified, and then only so far. As Albert Einstein once said "Everything should be as simple as possible but no simpler." Implementing organisational change requires changing our "traditional" approaches to governance – it requires that we "change how we change"! Again, as Geoff Codd suggests in *The Drowning Director*, the way forward includes "The introduction of an IT management and governance framework that explicitly stimulates and facilitates collaboration and knowledge exchange across the business/IT divide from the Board downwards."

Governance as a panacea

Whilst IT governance has come to prominence over the last few years, the current approach to IT governance will not address the question of value. Recent research from UAMS[9] suggests that the focus of IT governance continues to be on the more operational IT issues with little appetite for tackling the business aspects of planning and managing how the business uses IT to create and sustain value. Research undertaken by Cranfield over the last ten years has indicated that very few organisations have a structured approach to realising benefits from their investments in IT and so many boards are left uncertain of the value IT is adding to their enterprises. In a 2006 study[10], they found that less than 30 percent of the largest UK companies actually have a formal benefits management process. Anecdotal evidence suggests that similar figures are to be found among European and US companies as well. My own experience would certainly support this and suggest that this would also be the case on a global basis.

Whilst, as mentioned earlier, governance is not seen as an exciting topic – it is not easy to change governance in an organisation. Governance is about what decisions need to be made, who gets to make them, how they are made and the supporting processes, structures, information and tools – governance is essentially about the power structure of an organisation. As such, improving governance in an enterprise is usually itself a major change program – one that will take time to plan and implement, and even longer in many cases for the benefits to be achieved. This does not play well in today's environment of short term thinking, driven by "analyst" expectations in the public sector and by political realities in both the private and public sectors. Often, the benefits will not be realized, or generally visible, during the average tenure of the responsible/accountable

[9] van Grembergen, W., De Haes, S., & Van Brempt, H (2008). *Exploring the relationship between enterprise benefits and IT governance practices COBIT 4.1 and Val IT 2.0.* Antwerp, Belgium: University of Antwerp Management School, ITAG Research Institute for the IT Governance Institute.

[10] *Delivering Value from Information Systems and Technology Investments: Learning from success,* Prof. John Ward, Cranfield School of Management, U.K., 2006

executive which raises the question "What's in it for me?". Such a program can certainly be seen as "all pain and no gain!"

A further complication is that implementing changes to governance is not simply a case of the board and executives directing others in the enterprise to change – it certainly involves doing so but is also about the board and executives themselves changing how they think and act. Many executives have got where they are by understanding and working within the current governance system – they know how to "play the game" and often, as a result, have a strong vested interest in the status quo.

The Knowing-Doing Gap

Where there is understanding of the need to do something, enterprises often then run into the "Knowing-Doing Gap" as described by Jeffrey Pfeffer and Robert I. Sutton in their book[11] of the same name. As the authors say in their preface, "…so many managers know so much about organisational performance, and work so hard, yet are trapped in firms that do so many things that they know will undermine performance." They found that "…there [are] more and more books and articles, more and more training programs and seminars, and more and more knowledge that, although valid, often had little or no impact on what managers actually did."

In his wonderful book, *A Short History of Progress*[12], Ronald Wright refers to the work of Joseph Tainter who identified three common elements of the collapse of civilizations: the Runaway Train, the Dinosaur; and the House of Cards. Whilst the collapse of civilizations is clearly much more heady stuff, we can certainly draw parallels to the failure of investments in IT-enabled change, sometimes resulting in business failures and even industry-wide failures. Our adoption of technology is in many ways a runaway train, executive management's failure to change to tackle the challenge qualifies them as dinosaurs, and major investments, business or industry failures show many investments to be a house of cards.

In the context of realizing value from IT investments, the primary element that we have to deal with here is that of the dinosaur. Again, as Albert Einstein once said "You cannot solve a problem by applying the same thinking that got you into the problem in the first place." Traditional governance and management approaches will not tackle the challenges presented by the runaway train that is IT and, unless this problem is recognized and addressed, we will continue to build houses of cards, and suffer the consequences when they fall. Going back to the "Knowing-Doing Gap", two of the major contributors to this gap are substituting talk for action, and substituting memory for thinking, i.e. falling back on old habits.

Talk is certainly a lot easier than action, and indeed many good talkers are rewarded in enterprises while the doers slog on under the radar. Often, the good talkers become managers. This may be one of the factors that lead the late Peter Drucker to remark

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[11] Pfeffer, J., & Sutton, R.I. (2000). *The Knowing-Doing Gap*. Boston, Mass: Harvard Business school Press.
[12] Wright, R. (2004). *A Short History of Progress*. Canada: House of Anansi Press.

"Most of what we call management consists of making it difficult for people to get their work done." I would add to this that in all too many cases our current implementation of governance formalizes this. In a conversation with Tom Peters a number of years ago I once, somewhat tongue in cheek, suggested that in most organisations, 10% of the people get the work done despite the other 90% - his response was "Try 5%!"

As to the second contributor to the "Knowing-Doing gap", falling back on old habits, one definition of insanity is "doing the same things and expecting different results." In another book around this topic, *The Wisdom of Crowds*[13], James Surowiecki identifies one of the challenges is that we put too much faith in individual leaders or experts, either because of their position or track record and that these individuals also become over-confident in their abilities. I don't want to question the ability and competence of all leaders or experts – while I certainly have seen my share of bad ones, most are good people doing the best they can. However, in today's increasingly complex and fast-paced knowledge economy, much of which is both enabled by and driven by technology, it is unrealistic to expect individuals, however good they are, to have all the answers, all the time. The reality is that neither position nor past success is any guarantee of future success.

If organisations are to succeed in today's knowledge economy, they cannot constrain themselves to the knowledge of a few individuals – to put it a more brutal way, they cannot be constrained by the habits or ego(s) of their leader(s)! Organisations must tap into the collective knowledge of all their people. We need effective governance that reaches out to and involves key stakeholders – retaining appropriate accountability, based on the law of subsidiarity - an organizing principle that matters ought to be handled by the smallest, lowest or least centralized competent authority[14]. This means locating accountability and decision-making at the most appropriate level, while supporting decisions with broader and more knowledgeable input.

Over the last few decades, much has been said and written about empowering the people within an enterprise – unfortunately little of that talk and writing has translated into reality. As James Surowiecki says "Although many companies play a good game when it comes to pushing authority away from the top, the truth is that genuine employee involvement remains an unusual phenomenon." As a result of this, information flows – up, down and across organisations - are poor, non-existent or "filtered" in all directions, decisions are made by a very few with inadequate knowledge and information, and there is limited buy-in to whatever decisions are made. As Peter Senge says in *The Fifth Discipline Handbook*[15], "…under our old system of governance, one can lead by mandate. If you had the ability to climb the ladder, gain power and then control that power, then you could enforce…changes…Most of our leaders don't think in terms of getting voluntary followers, they think in terms of control."

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[13] Surowiecki, J. (2004). *The Wisdom of Crowds*. U.S.A.: Anchor Books
[14] Source: Wikipedia
[15] Senge, P. (1994). *The Fifth Discipline Handbook*. New York, NY: Doubleday

Taking action to address the problem

When there is understanding, and the desire and commitment to act, the first question now is "Where do we start?" This is usually quickly followed by "How will we know that we have been successful?" and, sometime later by "How do we keep this going?" The good news is that there are resources available to enterprises to help answer these questions. However, before discussing one of these, let's look at a number of scenarios where action can come to a premature halt.

The first of these is implementation by fiat, without an adequately thought out plan and commensurate resources. There is all too often a tendency for executives to believe that once they say something should be done it is – this is rarely the case. I sometimes describe this as the "Star Trek school of management". Executives, just like Captain Picard, say "Make it so!" – they often don't fully understand what "it" is or how they will know when they get there, and the people they say it to all run off with very different ideas of what "it" is creating a lot of activity - often in conflicting directions. As Larry Bossidy and Ram Charam suggest in *Execution, The Discipline of Getting things Done*[16], the role of the executive when saying "make it so" is to ensure that no-one leaves the room until the executive is confident that they all understand what "it" is and, when they come back with a plan, that they don't leave the room until he/she is confident that the plan has a good chance of delivering "it".

In other cases, organisations take on too much in the first bite – this either results in "sticker shock" with no action being taken or, particularly when, as is often the case, the time-frame is unrealistic, failure. The opposite can also be true, doing too little and/or taking too long to do it such that patience runs out and/or interest diminishes to the point of backing off.

Also, where progress is being made, success is not always promoted and built on – without demonstrated and recognized success it can be very difficult to maintain the interest and attention of executives to sustain the change initiative, especially one that may take many years, as many, if not most such initiatives can do. This can become particularly evident if a new executive comes on the scene and asks "Why are we doing this?" Without a sound response, this is often followed by "We did just fine without this where I came from!"

Many of these scenarios are exacerbated when insufficient thought has been given to metrics – measurements that must include both "lag" metrics – are we there yet? - and "leading" metrics – are we on track to get there?, as well as tangibles and intangibles. As Faisal Hoque, Chairman and CEO of the Business Technology Management Institute says, "…technology [itself] warrants evaluation with a tangible set of measures. But the majority of what technology actually *does* falls more into the sphere of the intangibles"[17]. Understanding how those intangibles (often lead indicators) can contribute to tangibles (often lag indicators) is a key part of value management.

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[16] Bossidy, L., & Charan, R. (2002). *Execution: The Discipline of Getting Things Done*. New York, NY: Crown Business

[17] Hoque, F. (2008). Are We Arguing Over Money Again?. Baselinemag.com.

The challenge of business engagement

The underlying challenge however remains getting the business appropriately engaged. As long as the business continues to see anything to do with IT as an IT problem we will continue to have significant challenges around realizing value from IT. Only when IT is seen as an integral part of enterprise governance will the issues around realizing value from IT investments be addressed. A 2007 report from the BTM Institute[18] confirms that enterprises focused on converging their business and technology disciplines exhibited superior revenue growth and net margins relative to their industry groups and exhibited consistently greater rates of return than those of their competitors.

Boards and executives need to understand that they can no longer treat IT as a "black box" – something distinct and separate from their core business. In enterprises, to varying degrees, IT is now embedded in the enterprise, and in the enterprise's business processes - as one colleague of mine describes it "IT comprises the electronic bits of business processes." In *The IT Value Stack*[19], Ade McCormack says "Information technology isn't an optional extra, it is a condition of entry to most markets. It is the enabler of business sustainability. The CEOs who don't get that are either in the wrong job or have done some calculations in respect of their retirement date and this reality dawning on the shareholders."

The need for dialogue

A number of years ago, a senior Australian public sector executive said to me "I need to get the right people in a room having the right discussion." His statement captures the essence of the problem. We need to break down the current siloed view of IT and the business – the "two solitudes" as I often describe them. We need to create and sustain an on-going dialogue between the business and IT leaders. Whilst an important part of this will be informal, this is necessary but not sufficient. We need a formal governance framework which promotes and supports such a dialogue.

Depending on the current maturity of an enterprise, this dialogue needs to include a number of key elements:

1. Understanding the role of IT in an enterprise – a role that has evolved over the last few decades from automating transactions to fundamentally transforming the nature of the enterprise;
2. Understanding what constitutes value for the enterprise, how value is created and sustained, and how IT contributes, or can contribute to creating and sustaining value. We need to get away from trying to measure IT's precise value which is a meaningless exercise guaranteed to keep ranks of MBA toting consultants busy, to understanding how IT contributes to value;

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[18] *Business Technology Convergence Index, The Role of Business Technology Convergence in Innovation and Adaptability and its Effect on Financial Performance*, BTM Institute, June 2007

[19] McCormack, A. (2007). *The IT Value Stack: A Boardroom Guide to IT Leadership.* UK: Wiley

3. Understanding the roles, responsibilities and accountabilities of the board, executive management, business unit and IT function management in maximizing the contribution of IT to business value;
4. Developing a comprehensive program of change to implement or improve governance processes and practices around value management, focused initially on key "pain points" where early results can be achieved;
5. Managing the journey – learning by doing, leveraging successes and continually improving the processes and practices.

Enterprises do not have to start from scratch when undertaking such a program. As I mentioned in the introduction to this chapter, there is a growing body of knowledge in this space. Since *The Information Paradox* was first published some 10 years ago in 1998, many more books and articles have been written on this subject and many organisations such as the IT Governance Institute (ITGI), the Office of Government Commerce (OGC) and the Project Management Institute (PMI), as well as academic institutions such as Cranfield and UAMS, and vendors such as Fujitsu have developed frameworks and methodologies to assist enterprises on this journey.

At the same time, I have worked with Fujitsu in developing their Enterprise Value Management approach (and supporting Macroscope™ methodology), as well as with ITGI to develop their Val IT framework. I want to spend a little time here to describe the Val IT framework before returning to the challenge of turning talk into action.

Val IT – a comprehensive approach to IT value

The Val IT framework represents the first comprehensive approach to tackling the challenge of realizing enterprise value from IT investments – or, more accurately, investments in IT-enabled change. The goal of Val IT is to ensure value management practices are embedded in the enterprise, enabling it to secure optimal value from its IT-enabled investments at an affordable cost, with a known and acceptable level of risk throughout their full economic life-cycle. Val IT moves IT governance beyond governance – or all too often management - of the "factory" (the supply side) to enterprise governance of IT – how the business uses IT to create and sustain business value (the demand side).

Val IT helps enterprises answer a number of key questions, represented by the Four "Ares" as illustrated the figure below[20]. Addressing these questions, not just one time to get funding, but on an on-going basis to ensure that value is delivered should be at the core of effective governance.

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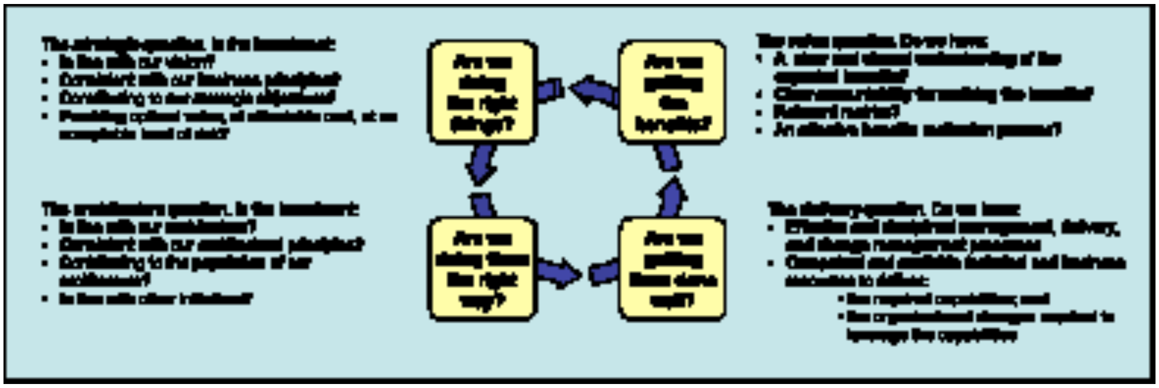
[20] Based on the 'Four Ares' as described by John Thorp in his book, *The Information Paradox: Realizing the Business Benefits of Information Technology* as referenced earlier

The Four "Ares"



Val IT is based on seven principles:

1. **IT-enabled investments will be managed as a portfolio of investments**
   - A portfolio approach provides an overview of all types of investments and the associated programs, projects and resources. This overview is essential to make expedient and efficient investment decisions.
2. **IT-enabled investments will include the full scope of activities that are required to achieve business value**
   - All initiatives required need to be part of the program plan and the business case. All too often, planning beyond the delivery of a technical capability is not as rigorous as it should be, such that the full cost, risk and benefits of initiatives relative to the changes required to business processes are not properly considered.
3. **IT-enabled investments will be managed through their full economic life cycle**
   - Planning and business cases too often focus on the investment decision and ignore costs, risk and benefits relative to the changing business and technology environment, including future maintenance and refresh initiatives.
4. **Value delivery practices will recognise that there are different categories of investments that will be evaluated and managed differently**
   - This is indispensable because these categories (mandatory and discretionary, high or low risk, innovative or business-as-usual, etc.) have different characteristics, require different evaluation criteria, and different levels of analysis.
5. **Value delivery practices will define and monitor key metrics and respond quickly to any changes or deviations**
   - Relevant metrics are essential if management is to actively manage the business cases, programs and projects.
6. **Value delivery practices will engage all stakeholders and assign appropriate accountability for the delivery of the different capabilities and the realisation of business benefits**
   - All stakeholders (technical, operational and business) need to be engaged in the initiative, with clearly defined responsibilities and accountabilities, both for delivery of capabilities and realisation of business value.

7. **Value delivery practices will be continually monitored, evaluated and improved**
   - As for all other management practices, a commitment to continuous improvement is necessary to sustain the value management practices and processes over time.

The Val IT principles are reflected in the 3 domains of Val IT: Value Governance; Portfolio Management; and Investment Management (which has a strong emphasis on program management). These domains are further detailed in 22 processes, 67 key management practices and detailed management guidelines, including inputs and outputs, activities, with supporting RACI chats, goals and metrics, as well as summary and detailed maturity models for each of the 3 Val IT domains.

The concepts of portfolio management (as related to IT investments) and program management were introduced in *The Information Paradox*. While portfolio management has seen significant adoption since then, although largely as project portfolio management, the adoption of program management has been slower. There are signs that this may be changing. In a recent research paper[21], Gartner states "Organisations are discovering that program management is a level of business discipline that is key to delivering business outcomes". It goes on to say that "We are focusing on a specific research project that addresses strategic program management – an emerging discipline focused around the multiproject delivery of business outcomes...we believe that this is the management construct best suited to enable better business engagement, value delivery and risk."

The Information Paradox also introduced the concept of full-cycle governance, a key element of which was the development, on-going maintenance and operational use of complete and comprehensive business cases. The business case is the foundation on which any investment stands or falls. Yet few enterprises are adept at developing and documenting them and most and rarely revisit the business case once funding has been committed. The Cranfield study referenced earlier found that while 96 percent of respondents did develop business cases for most investments involving IT, 69 percent were not satisfied with the effectiveness of the practice. Val IT provides a technique guide to help enterprises improve their business case processes and practices.

The Business Case Guide discusses the eight steps of developing an effective business case (covering building the fact sheet, cash flow overview from a life cycle perspective, consideration of alignment issues, risk appraisal and optimisation of risk and return) and provides useful tools for each. It also provides a comprehensive outline of appropriate business case content. The guide also stresses that the business case is not a one-time, static document. It is an operational tool that must be continually updated to reflect the current reality and to support the portfolio management process.

[21] Apfel, A.L. (2008). *Research Agenda for Program and Portfolio Management Leaders*. Gartner Research, ID G00156050

Getting started

When I asked a CIO of a large Canadian company why he thought the rate of adoption of effective enterprise governance of IT, and approaches such as Val IT, is so glacially slow, his response was "It's not easy." His view is confirmed by research conducted at University of Antwerp Management School – ITAG Research Institute[22], which reveals that important governance practices such as benefits management and reporting are perceived as being very difficult to implement. However, many things in life are difficult, but we have to get them done. In the case of realizing value from IT investments, until we take action the problem will remain. The question, as posed earlier, is "Where do we start?" To help enterprises address this question, Val IT also provides a short and simple "getting started" guide[23].

The guide provides business and IT executives and organisational leaders with easy-to-follow guidance on getting a value management initiative started. It describes the most common pain points signaling a need for better value management as well as the 'trigger events' that so often compel business leaders to begin building such a capability. It outlines a typical 'future state'—what the common characteristics and outcomes of a value-driven enterprise look like, provides a advice on how to conduct an assessment of the enterprise's current state, and explains how to launch a value management improvement initiative—by selecting from one of several proven approaches, identifying the most applicable Val IT processes and practices based on the enterprise's particular pain points and objectives. It further underlines some of the most critical elements in managing the organisational change that is required to sustain value over time.

It's all about managing change

Whilst the availability of frameworks such as Val IT, and others referenced earlier, can help the transition from words to action, at its core, any initiative to implement or improve value management is about change. Over the past couple of decades, many enterprises have undertaken programs to improve corporate performance, yet many of these have failed. The underlying cause of these failures is that most failed to persuade groups and individuals to change their behaviour.

Here, even the use of the term "organisational change" can set false expectations by overlooking the emotional aspects of change. George H. Sejits and Grace O'Farrell of the Richard Ivey School of business in London, Ontario wrote "One of the more important reasons that change efforts fail is that the idea of 'organisational change' is an illusion. Organisations do not change. It is the individuals within organisations that change their behaviours. Unless the need to change is perceived as an effort to create positive outcomes including…the expansion of personal power and a more interesting job,

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[22] De Haes, S., & van Grembergen, W. (2008). *Practices in IT governance and business/IT alignment.*. Information Systems Control Journal, 2008 (2), 23-27.

[23] *Enterprise Value: Governance of IT Investments: Getting Started with Value Management,* IT Governance Institute (ITGI),www.itgi.org .

individuals can be expected to resist the initiatives that are part of the overall change effort."[24] In the context of value management, this can be even more difficult as it is individual board members and executives that are being asked to change their behaviour – behaviour that they may feel has served them well in the past.

Effecting change requires a well-defined and disciplined change management program. Such a program depends upon a number of critical success factors. One is strong and visible executive championship. Another is a clear and realistic vision of the future state. Another is adequate resources - change almost always requires an investment in expertise, funding, and infrastructure over and above the normal costs of conducting ongoing business operations. Management of the program must also be flexible enough change the journey and, possibly, the destination as more information is known and/or internal or external circumstances change.

A critical element of any change management program is communication - a change-related communications plan should address the following four elements—as defined by William Bridges in his book, *Managing Transitions*[25]:

- Purpose: Why are we doing this?
- Picture: What will it look like when we get there?
- Plan: How will we get there?
- Part: What will be my role, both in getting there, and when we get there?

While all four of these elements are important, it is the last one—What is my part?—that is typically the most challenging. Make sure that not only is the question "What is in it for me?" answered, but also, and perhaps even more importantly, recognise that resistance to change, whether calculated or unconscious, is a common challenge when working with both individuals and groups. Naturally, people question why change is necessary and wonder whether it will hurt them - it is "loss" which most people fear most of all from change. The initial reaction to change is "What am I losing?" Take the time to understand and acknowledge what benefits, rights, privileges or freedoms key stakeholder groups believe they are losing - again, don't forget that individual board members and executives are human beings with emotions too – they will also be feeling this way, possibly more than others.

Don't forget the reward system. As another colleague of mine once said "The good thing about reward systems is that they work – the bad thing about reward systems is that they work!" Align the reward system with the desired future state. Provide incentives for change. Define how achievements will be measured. And link these objectives to outcomes within the scope of each individual's responsibility.

A call to action

Finally, if we are indeed to move beyond words, we must place an emphasis on action—on engagement and involvement at every level of the enterprise. One of the key findings

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[24] Fillios, M (2008). What Are You Trying to Change? Baseline.mag.com.
[25] Bridges, W (1991); *Managing Transitions*: *Making the Most of Change.* Boston, Mass: Addison-Wesley.

presented in *The-Knowing Gap* is that knowledge is much more likely to be acquired from ‘learning by doing’ than from ‘learning by reading’ or ‘learning by listening’. This strongly suggests that an iterative step journey toward value management will yield, for each individual, a discrete set of opportunities for learning that, taken together across an organisation of people, form the stepping stones toward cultural transformation and the achievement of real and sustainable change. As Sun Tzu says in *The Art of War*[26], “Every journey starts with the first step.” I urge you to move beyond words and take that first step - I can’t promise that the journey will be easy, but without it, value from IT investments will remain elusive.

[26] Tzu, S. *The Art of War*. U.S.A.: Oxford University Press