IT Engagement Model:
How Companies Link Company-Wide IT Governance to Projects

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This research was made possible by the support of CISR sponsors and patrons.

This research is an ongoing collaborative effort that has benefited from the participation of colleagues at MIT CISR and other universities, including Cynthia Beath (U Texas Austin), David Robertson (IMD), Mani Subramani (U Minn), and Bob Zmud (U Oklahoma).

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IT and Business Strategy
- Business Models and IT Investment and Capabilities
- IT-Enabling Business Innovation and Transformation
- How IT Can Enhance Business Agility

Managing Across Boundaries
- Effective Governance of Outsourcing
- Building Effective Relationships Between Business & IT Leaders
- Effective Distributed Collaboration
- Effective IT Engagement Inside and Outside the Firm

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Agenda

- The challenge:
  How to use IT to achieve both local and global objectives
- The solution:
  Linking company-wide IT governance and project mgmt.
- The three components of an IT engagement model
  - Company-wide IT governance
  - Project management
  - Linking mechanisms
- Case studies
- Three linking mechanisms
  - Business-IT relationship managers
  - Program management office
  - Post implementation review
- Lessons learned

Achieving Both Local and Global Objectives Involves Engaging Six Key Internal Stakeholder Groups
Traditional Approaches to IT Are Limited Due to Insufficient Engagement

Smaller Solutions for Local Business Initiatives – i.e., IT as “Order Taker”

Architecture Transformation Efforts

Corporate Level

Enterprise IT Architecture

Business Unit Level

Business Unit IT Architecture

Project Team Level

Project's Proposed IT Solution

IT Capabilities

Corporate Strategy & Vision

Business Unit Strategy & Vision

Project Proposal

IT Engagement Model

Definition: A system of governance mechanisms targeted at ensuring that IT-enabled change projects achieve both local and enterprise-wide objectives

An effective IT engagement model:

1) Aligns the interests and efforts of different stakeholders (e.g., align business and IT) and;

2) Coordinates the interests and efforts of different business units and organizational levels (e.g., coordinate between project, LoB, and enterprise level efforts).
The IT Engagement Model Has Three Components

<table>
<thead>
<tr>
<th>Component</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company-wide IT Governance</td>
<td>Corporate Level</td>
</tr>
<tr>
<td>Linking Mechanisms</td>
<td>Business Unit Level</td>
</tr>
<tr>
<td>Project Management</td>
<td>Project Team Level</td>
</tr>
</tbody>
</table>

**Key Linking Mechanisms in LoB1**
- Informal feasibility assessment
- Architecture exceptions handling process
- Review Boards tied to LoB finance committee

**Key Linking Mechanism in LoB2**
- Accreditation Program

**Key Linking Mechanism in LoB3**
- Account Managers

BT's IT Engagement Model: May 2002
BT's IT Engagement Model: May 2004

Organization-wide IT Governance Mechanisms
- Enterprise Transformation Boards
- Senior Information Forum
- Architecture Realization Group

Line of Business (LoB) IT Governance Mechanisms
- Architecture Group
- Transformation Boards

Corporate Level

Line of Business (LoB) Level

Project Team Level

Key Linking Mechanisms in LoB1
- Informal feasibility assessment
- Architecture exceptions handling process
- Review Boards tied to LoB finance committee

Key Linking Mechanism in LoB2
- Accreditation Program

Key Linking Mechanism in LoB3
- Account Managers

BT's IT Engagement Model: May 2006

Organization-wide IT Governance Mechanisms
- CIO participates in key Corporate Committees
- "One IT" Centralized IT Organization
- The Bench

Corporate Level

Line of Business & Program Level

Project Team Level

Linking Mechanisms
- All projects must belong to one of 29 programs
- Programs follow Agile Delivery & 90-day Cycle
- Hothousing
- ROI Business Case
- Post Implementation Reviews

Business Unit CIO teams strategically focused
- Architecture Conformance Framework Process
- Calendar of commitments
- Bonuses tied to corporate and program objectives
Linking Mechanisms Support Three Types of Linkages

**Business Linkage**
- Program prioritization
- Business sponsors for projects
- Early stage involvement of people representing company-wide objectives
- Regular project reviews conducted by company-level office
- Post Implementation Review (PIR) tied to company goals
- Bonuses and incentives tied to company goals
- "Big Bang" Programs
- Monthly review of all projects across company

**Alignment Linkage**
- Business-IT relationship managers
- Demand-side CIO team
- Project gates require approval of BU Manager and Relationship Manager

**Architecture Linkage**
- Project teams include architect
- Architecture exception management
- Project funding and continuation dependent upon architecture compliance
- Monthly reviews of "state of technology" of all projects across enterprise

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**Business-IT Relationship Managers Enable Everyday Engagement**

- **Survey Results** on Business-IT Relationship Managers

  **Number of Organizational Levels Engaging Pairs**
  
<table>
<thead>
<tr>
<th>Levels</th>
<th>0</th>
<th>1</th>
<th>2</th>
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<tr>
<td>Average Degree of Alignment</td>
<td>2.9</td>
<td>3.3</td>
<td>4.2</td>
</tr>
</tbody>
</table>

- **Examples**
  - TD Banknorth
  - BT

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1 Results based on survey conducted in 2006. Survey participants were senior IT executives from 32 companies. Degree of Alignment scale is from 1 (lowest) to 5 (highest).
**Program Management Offices**  
**Enable Engagement Around Projects**

- **Survey Results**\(^1\) on Program Management Offices

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<tr>
<td>1</td>
<td>3.4</td>
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<tr>
<td>2</td>
<td>4.0</td>
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- **Examples**
  - BT
  - USAA

\(^1\) Results based on survey conducted in 2006. Survey participants were senior IT executives from 32 companies. Degree of Alignment scale is from 1 (lowest) to 5 (highest).

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**Post Implementation Reviews**  
**Enable Learning From and Across Projects**

- **Survey Results**\(^2\) on Post Implementation Reviews

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<tr>
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<tr>
<td>3</td>
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- **Examples**
  - BT

\(^2\) Results based on survey conducted in 2006. Survey participants were senior IT executives from 32 companies. Degree of Alignment scale is from 1 (lowest) to 5 (highest).
Lessons from Effective Engagement

- **Engage all six stakeholder groups**
  Alignment and coordination isn't possible without mechanisms linking all nine stakeholder groups

- **Distribute three key responsibilities**
  System of decision rights and mechanisms for
  - defining global objectives and rules, including an organizing logic
  - managing projects
  - enhancing engagement—both everyday and around projects

- **Link decision making with implementation**
  Governance and project management are not enough—linking mechanisms enable comprehensive engagement

- **Engage within and across projects—early and regularly**
  Enhance transparent, regular, two-way engagement; create overlapping roles; provide incentives and enforcement authority; and adapt to changes, learning, and appeals against decisions

- **Make the most of your situation to improve linkages**
  Listen to what makes most sense in your situation to raise the stakes for clear governance, shared risk and common business metrics

Thank You