

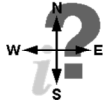
Strategic Planning?

"The 5 reasons why not having a plan should be an issue, how to create a simple plan and execute on it."

Ignacio de la Torre



- o Reason I– Agility vs. Lethargy (“Good to Great”)
- o Reason II– Vision vs. Blindness (Living out of requirements)
- o Reason III– Measures vs. Intangibles (With measurement comes the budget)
- o Reason IV– The art of war (Leverage)
- o Reason –V Leadership and organizational culture



AGENDA

Five
Lessons

What's in common between ...



o Reason I – Agility vs. Lethargy or Surprise (“Good to Great”)

We are here to support business, either stockholder or constituent return. Many organizations fail to establish a process for continuous review and improvement, our current economic cycle and in general the pace of business these days demands agile IT units able to respond to threats and opportunities at reasonable cost and speed.

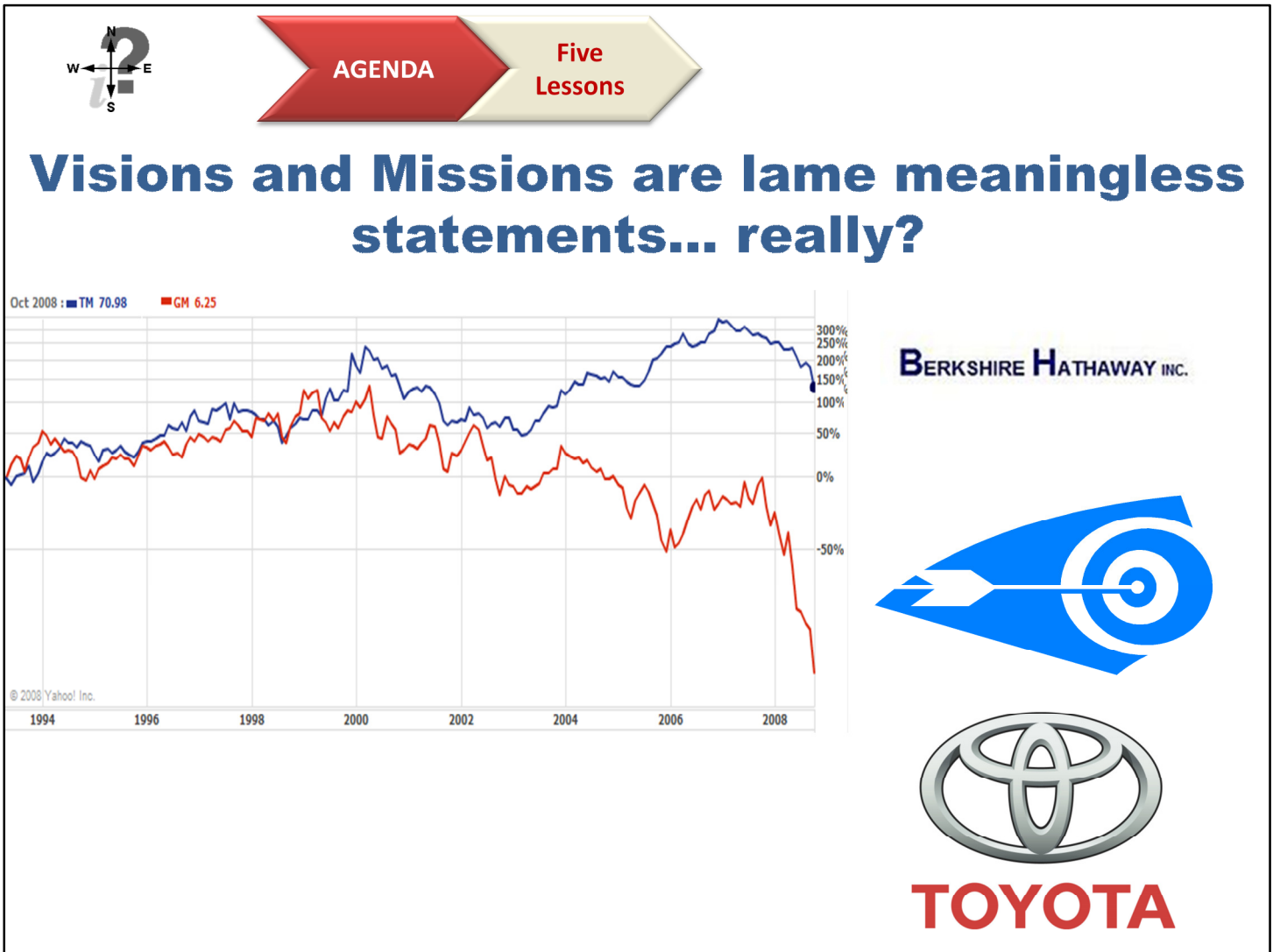
What's in common between...

- **A Boiling Frog:** A frog put in a water container that heats rapidly would jump out but if the temperature increase is minuscule the frog would fail to realize this and boil to death.

No clear evidence of truth in this experiment as it would unethical to perform:

http://en.wikipedia.org/wiki/Boiling_frog

- **The Battle of France:** German forces drew French and English governments into a strategic distraction by attacking the Low Countries bordering the north of France while the bulk of Hitler's available military units moved in through the poor road infrastructure and terrain of the southern Arennes region. The French government was taken by surprise and had to capitulate 15 days after the southern offensive was launched.



o Reason II– Vision vs. Blindness (Living out of requirements)

Many of us believe Mission and Vision statements can be lame and meaningless, yet, companies that have a culture that has been built around these core values are able to focus their effort to execute on these goals. The results are obvious when examining Berkshire Hathaway’s performance vs. the DJIA and Toyota’s three brands vs. GM’s twelve.

Look at some case studies of strategic transformation projects at:

<http://www.mtiworldwide.com/casestudies.html>

The image is a composite graphic. At the top left is a compass rose with a large question mark in the center. To its right is a red arrow pointing right with the word 'AGENDA' in white, followed by a yellow arrow pointing right with the words 'Five Lessons' in red. Below these is the text 'What's your contribution to the bottom line?' in a large, bold, blue font. Underneath this text are the GE logo (a blue circle with white 'GE' script) and the word 'ecomagination' in green and blue. To the right of these is a large, detailed bronze statue of 'The Thinker' by Auguste Rodin. In the bottom left, there is a large blue arrow pointing upwards and to the right, labeled 'Six Sigma - DMAIC Process'. Along this arrow are four blue circles with the labels 'Measure', 'Analyze', 'Improve', and 'Control' from bottom-left to top-right.

o Reason III– Measures vs. Intangibles (With measurement comes the budget)

Many IT Shops are perceived as overhead instead of creators of strategic value, an ongoing conversation among CIOs and IT executives and managers. According to CIO magazine many executives believe their developers lack a desire to learn business skills and/or the ability to put value creation above the “wow factor”. Involving your IT staff in strategic planning and having them leverage their relationships with Subject Matter Experts on business units brings IT staff into closer alignment with your business needs and helps in getting them to buy into the plan’s goals.

Helpful Methodologies ...

- Value Stream Mapping: Helps you analyze how much value/waste is being generated by your business processes and can help identify areas of opportunity within your IT shop while getting managers, developers, business analysts and PMs to think of process excellence that can be brought into critical business processes. (ie. Speeding up your accounting reporting cycle)
- Six Sigma’s DMAIC Process: All six sigma projects follow this project management methodology that differs from our regular PM in its focus in creating a measurement framework for each process improvement. How are you measuring process efficiency? Do you know when your process is “out of control”?



AGENDA

Five
Lessons

Why is it so hard to achieve?



功夫 Kung Fu



The Change Equation (Gleicher, Beckard, Harris)

=

$$D \times V \times F > R$$



WACHOVIA

o Reason IV– The art of war (Leverage & Flow)

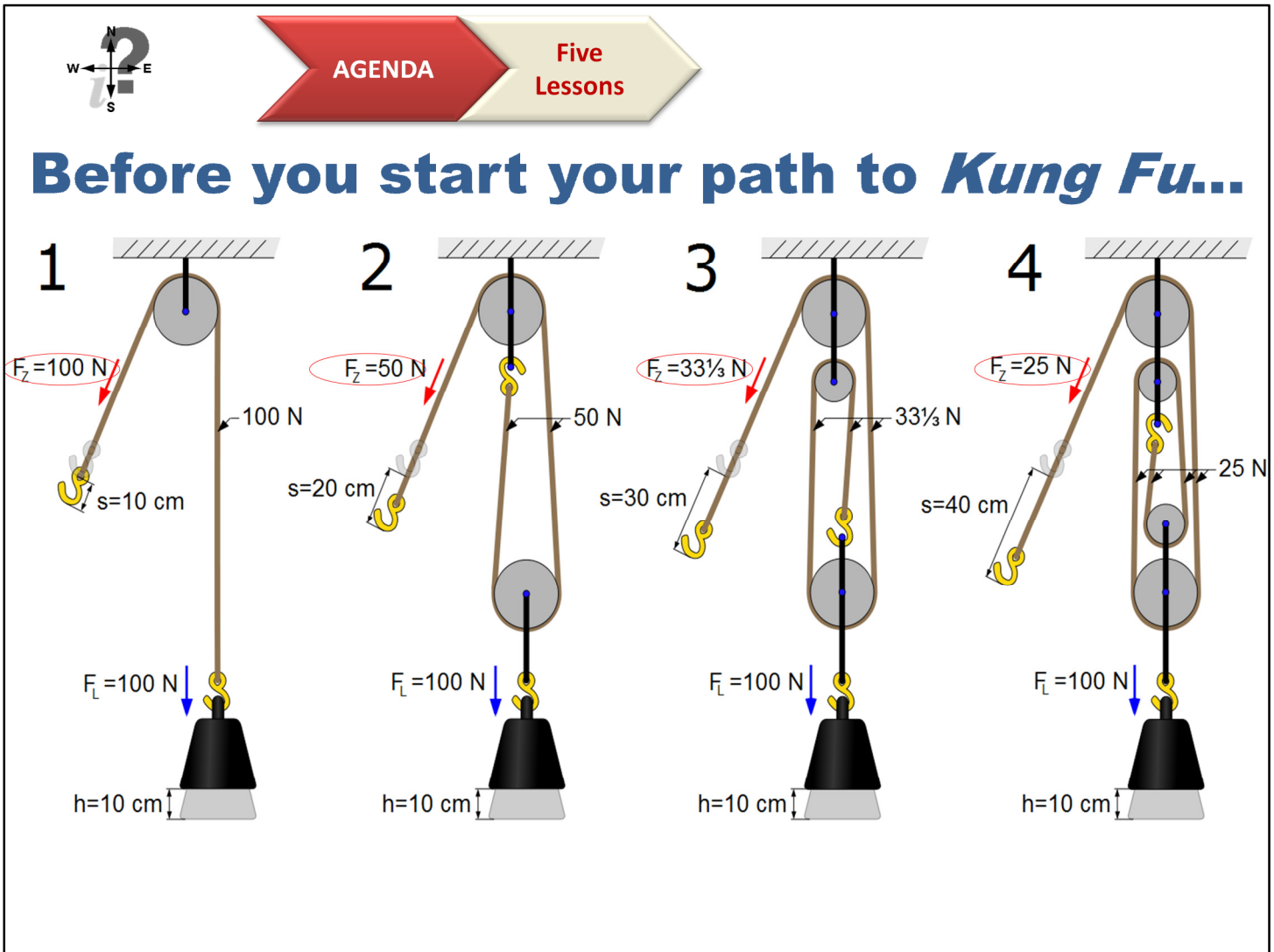
Change is hard to implement in most organizations as there's an intrinsic lack of trust in management to be interested in the development of staff members and the expectations for personnel change with each new leadership team. Organizations that define a clear set of vision, expectations and values and where leaders are the first ones to adhere to them (kung fu – men of skill, achievement and merit) will face much less resistance to change. (Wells Fargo's leadership vision stresses conservative lending principles that have allowed the bank to execute strategic acquisitions during the present credit crisis)

Reference:

• Kung Fu: [http://en.wikipedia.org/wiki/Kung_fu_\(term\)](http://en.wikipedia.org/wiki/Kung_fu_(term))

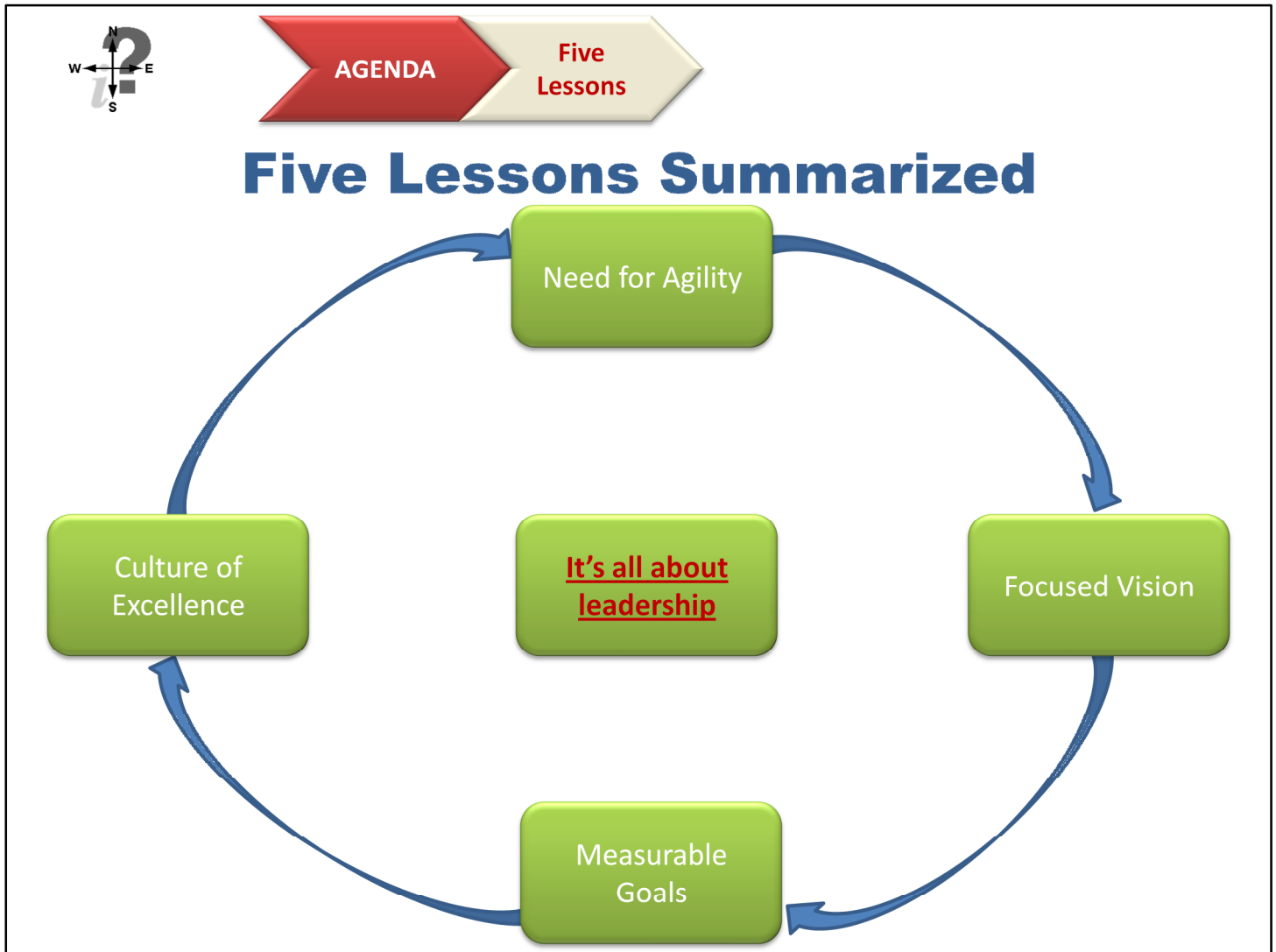
• The Change Equation (Gleicher, Beckard, Harris)

- Dissatisfaction with the present situation
- Vision of a desired future state
- First achievable and realistic steps towards future state
- Resistance to change



Reason V – Leadership and organizational culture

As we touched on the first reason; leaders have a busy life and can get trapped in the day-to-day operation of IT or business units. Having a strategic plan that clearly sets measurable goals that need to be achieved establishes a set of guiding principles to be used in every decision. Going back to the concept of flow in our last point change and resistance to change are factors directly related to managerial skill, leaders that take the time to understand their staff and find ways to align their motivation with the organization's strategic goals can be compared to pulleys systems that allow us to lift weights that would otherwise be humanly impossible.



In summary it's all about leadership and culture, your strategic plan influences:

- Your organization's expectations of IT
- Your expectations of your staff
- The criteria you use when hiring new talent
- Every decision that you make using your strategic goals as guiding principles



Agreeing on a Plan – Company and Competition

- Look at your internal customers and put yourself in their shoes. What are they trying to achieve?
- Look at your competition
 - Analyze their strategy
 - Identify benchmark metrics









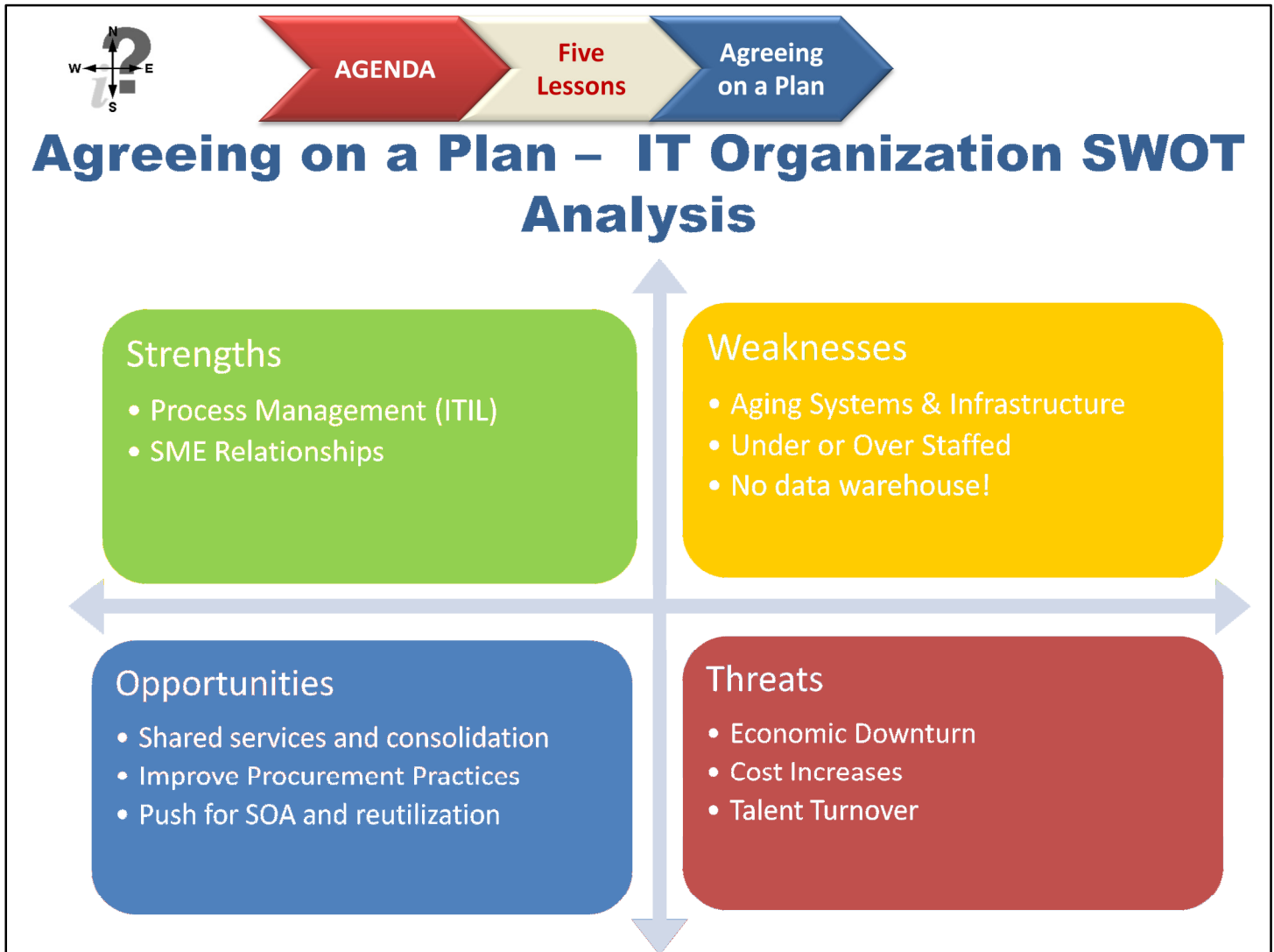


TDWI Best Practices Awards 2008

- Cisco is able to correlate revenue bookings with sales and marketing activities. As a result of this correlation, Cisco management knows that more than \$500 million in bookings have been assisted by the CIC program, fully justifying the cost of this initiative.

<http://www.tdwi.org/Research/display.aspx?id=9075>

- When competing with GE
 - what metrics would Pratt & Whitney or Bombardier use to benchmark themselves with GE's transportation business?
 - What are GE's Customers looking for?
 - How can you help your business create more value than your competition?

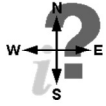


Now look inside and be realistic about your organization's current status...

Reference:

• **“Cutting IT Costs: Gartner Recommends 20 Can't Miss Tips”**, CIO Magazine

http://www.cio.com/article/455127/Cutting_IT_Costs_Gartner_Recommends_Can_t_Miss_Tips



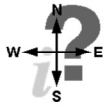
Writing your plan

1. Involve your customers
 - Identify their needs and long term strategy
 - Get their top three business goals for the next 3-5 years.
 - Get feedback on your IT organization
2. Talk to your team
 - Add business context to your IT SWOT analysis
 - Set your three IT Strategic Business Goals

The whole goal of the strategic plan is to align your IT department with the goals and needs of your company, therefore the first step should be to interview your major stakeholders and get a clear picture of their needs and their perception of your unit. Take this opportunity to market services that you already identified as strengths or opportunities in your SWOT analysis.

Bring in your team and have them have a different type of conversation with their current Subject Matter Experts focusing on their needs and improvements or projects that can be undertaken. Keep in mind that you'll have to manage expectations and prioritize your portfolio of projects.

Coming out of this exercise you should have three major goals to accomplish (can be more but think of keeping it simple).



Strategic Business Goals

- S.M.A.R.T. Goals

- Specific
(ie. Reduce *Division A* IT Overhead Cost, Server Mgmt. Cost)
- Measurable (%, \$)
- Achievable (Benchmark)
- Realistic
- Timely

REVENUE

-COST

- Labor (time)
- Financing (inventory)
- Dollars

= Profits / Value

- Use the methodologies outlined in the next section to identify value creation opportunities and measure the impact of your IT department in driving these improvements.





Strategic Business Goals

TDWI Best Practices Awards 2008



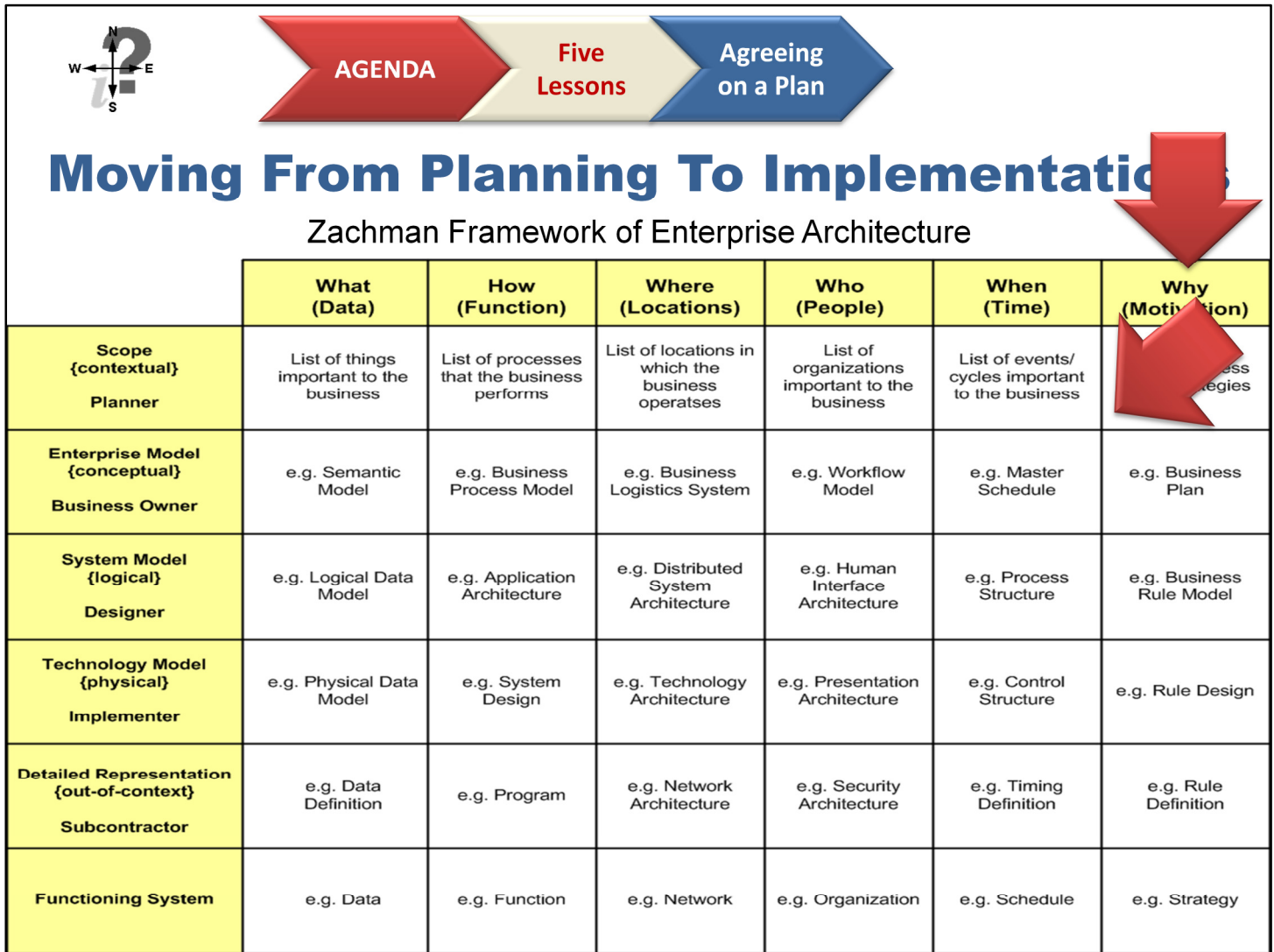
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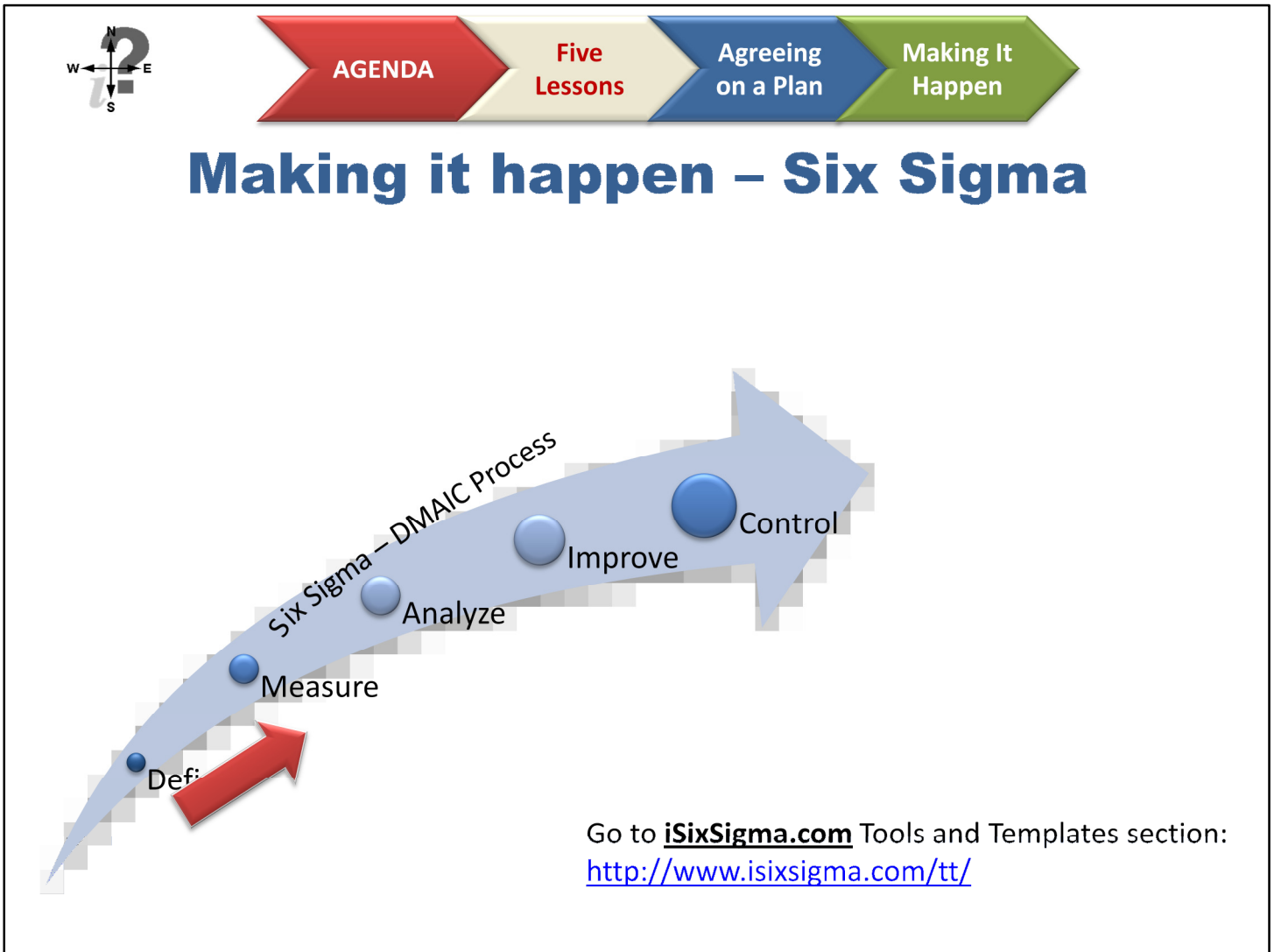
= Profits / Value

TDWI Best Practices Awards 2008

- “Cisco is able to correlate revenue bookings with sales and marketing activities. As a result of this correlation, Cisco management knows that more than \$500 million in bookings have been assisted by the CIC program, fully justifying the cost of this initiative.”, TDWI
<http://www.tdwi.org/Research/display.aspx?id=9075>
- “BP developed and deployed early warning systems that monitored heavy machinery and control systems, markedly increasing the reliability, operational integrity, and performance of equipment in BP’s operations.”, TDWI
<http://www.tdwi.org/Research/display.aspx?id=9083>
- “Guy Carpenter’s expertise is in helping its insurance company clients understand the level of risk in the context of particular geographies, demographics, economic conditions, etc. To this end, Guy Carpenter offers i-aXs, a Web-enabled platform that allows clients to interpret and analyze vast amounts of their insurance data.”, TDWI
<http://www.tdwi.org/Research/display.aspx?id=9084>

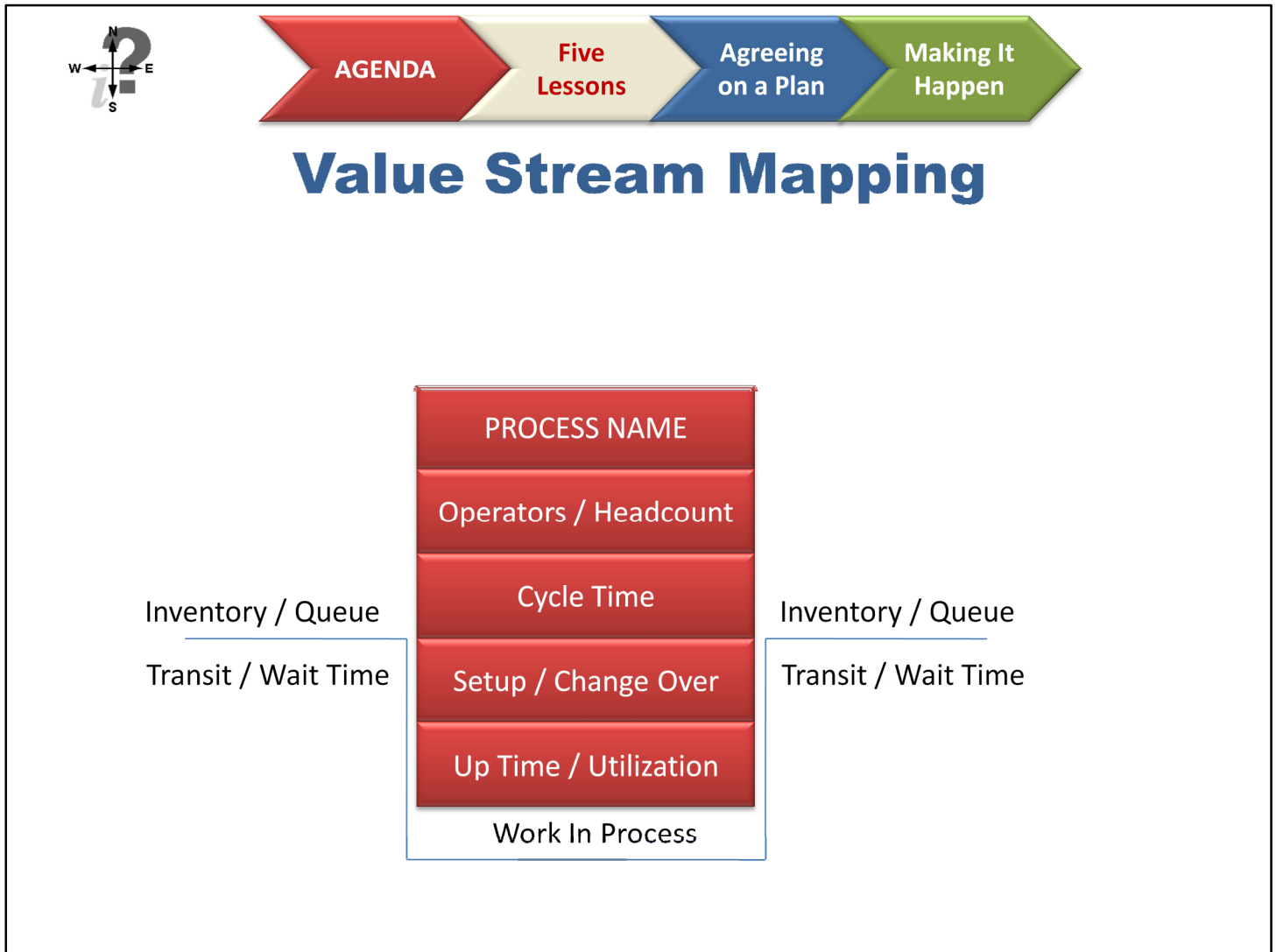


Your strategic plan should be able to answer all or most of the questions in the Why column, then you can evaluate each project that comes out of any of the layers on its alignment to your strategic goals.



How often do you measure your impact on the organization?
Do you drive continuous process improvement?

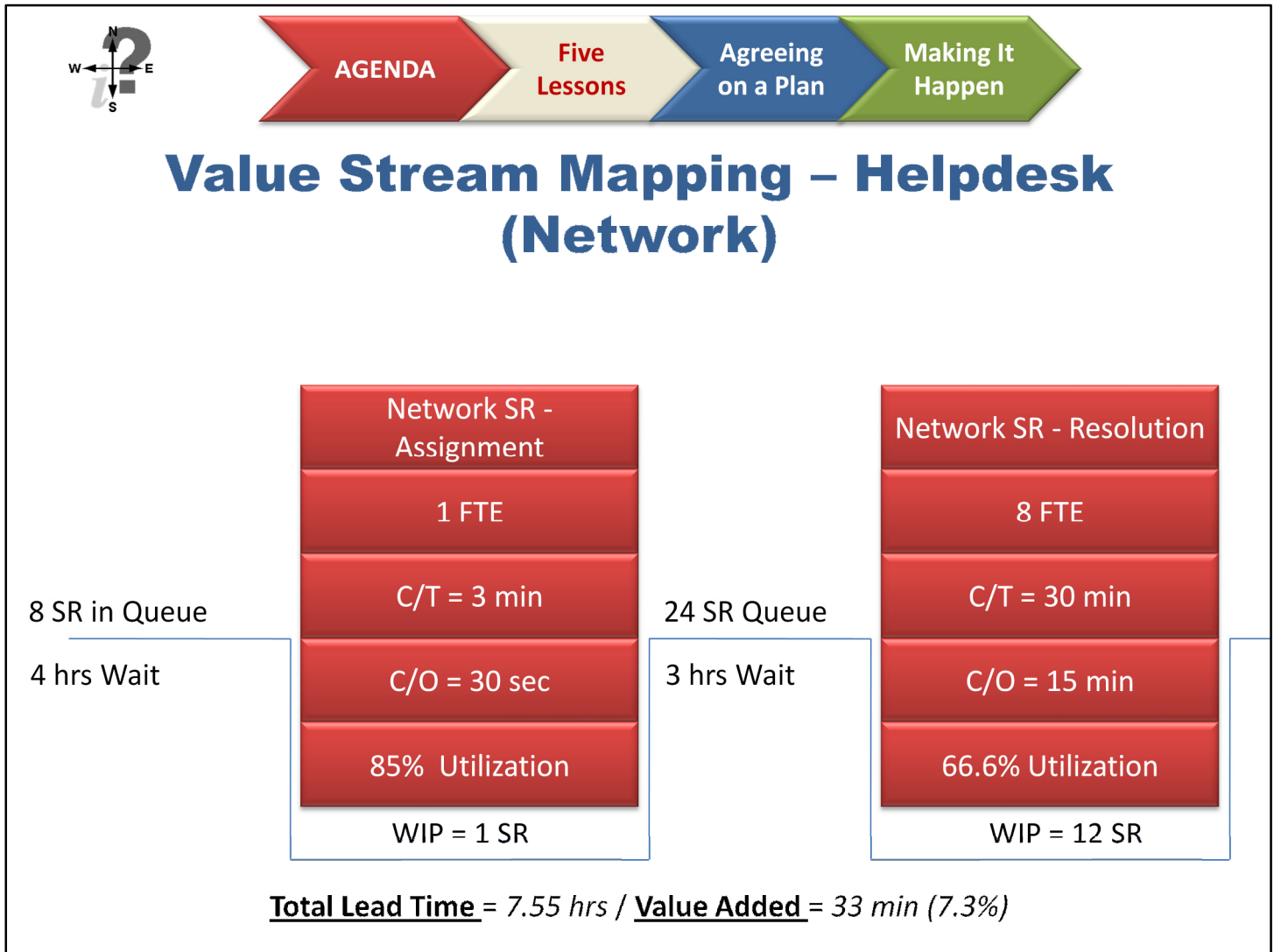
Using Six Sigma methodologies even if you don't utilize the name will help your organization in getting continually closer in its alignment to your organization's goals and will also place your staff in the driver's seat when they learn how to identify waste in your current business processes and measure how IT projects can contribute to the elimination of this unnecessary costs and effort.



Now we'll learn an easy way to measure any business process efficiency and value added. This methodology is part of the Lean and Lean Six Sigma frameworks.

Reference:

“Learning To See: value-stream mapping to create value and eliminate muda”, Rother & Shook
,ISBN:0966784308



(*) WIP: There are 8 helpdesk agents, some of them have tickets on hold.

Total Lead Time = Sum of all wait times + Sum of all cycle times

Value Added = Sum of all cycle times



Q & A

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