

Burn the Boats and Other Lessons for Change

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Agenda

- The evolution of technology and IT projects
- Project successes and failures
- Strategies for success
- Importance of executive sponsorship
- Managing change
- Project checklist

The evolution of technology and IT projects

- 1st Generation Technologies
 - Automation of Manual Processes (paper)
 - OLTP
 - Current Metaphors (physical) were transferred into the new system (paper, batch, etc...)
- 2nd Generation Technologies
 - Additional Processing Channels
 - OLAP
 - Internet Store-fronts (Web 1.0)
- 3rd Generation Technologies
 - Commercial Off-The-Shelf (COTS) Software solutions
 - BPR to drive out efficiencies not realized in previous Generations
 - Internet Real-time Transactions (Web 2.0)
 - Business Transformation

The technology landscape is filled with many successes...

- Why are some technology projects successful?
 - Business and technology are working together
 - Scope and schedule are well planned
 - Project is organized into manageable chunks/phases
 - Business case is well-defined
 - Downstream impacts of technology are understood
 - Impacts on business are incremental vs. transformational
 - Organization had an “adaptable” culture
 - Adequate project resources are assigned

Facilitated Discussion:

What are other reasons that some project are successful?

...and some pretty spectacular failures!

- Why do some technology projects fail?
 - Under scoped and/or over scoped
 - Poor project management and oversight
 - Lack of executive sponsorship to drive what's best for the project
 - Impact was transformational vs. incremental
 - Unprepared stakeholders
 - Inadequate number of one-time resources assigned to the project
 - Organizational culture is rigid
 - Technology selected did not fit the business problem
 - "A solution in search of a problem"

Facilitated Discussion:

What are other reasons that some project fail?

Technology has tremendous power and impact across an organization

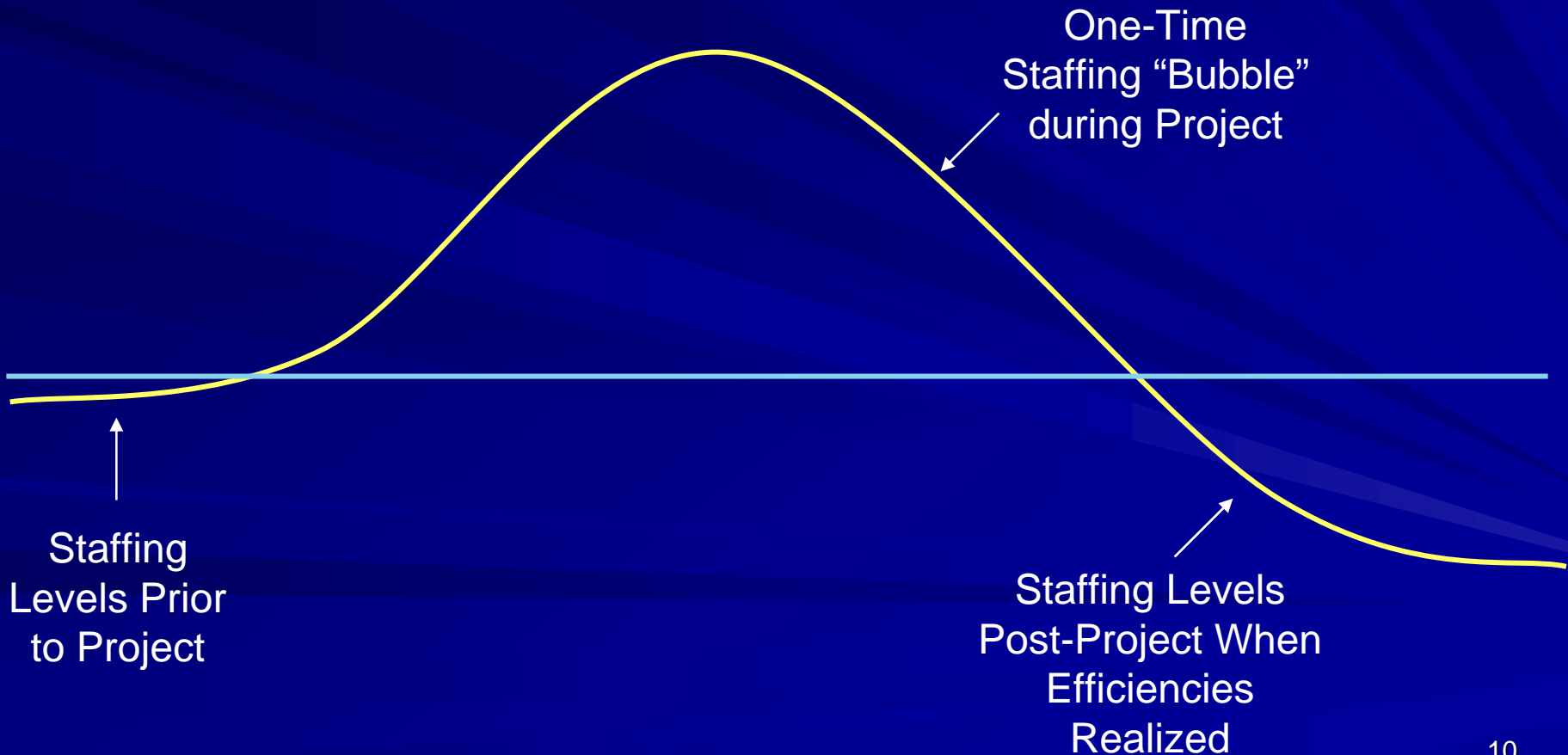
- How do you harness the real power of technology?
 - Rather than a “spot” solution, new technology can have an enterprise impact (new face to customer, integrated databases, etc...)
 - Systems are more sweeping in scope and cross “silos”
 - Front end process and back end process are typically impacted
 - Integration is the name of the game
 - Decision making needs to include multiple stakeholders
 - Executive sponsors must be change agents and drive the organization to revolution
- Technology is seen as the way to “fix” broken business processes or poor customer service
 - If the underlying business process and structure can’t support the business at hand, new technology (and the expectations that come with it) may only exacerbate the problem

COTS packages are emerging as popular enterprise solutions

- Packages (COTS) are viewed as a plug and play way to address business issues
 - While the benefits of a COTS approach may be significant for IT professionals, the business owners will be required to change their business processes.
 - COTS projects...
 - Need to include time and business resources to understand the new processes and the changes to current operations

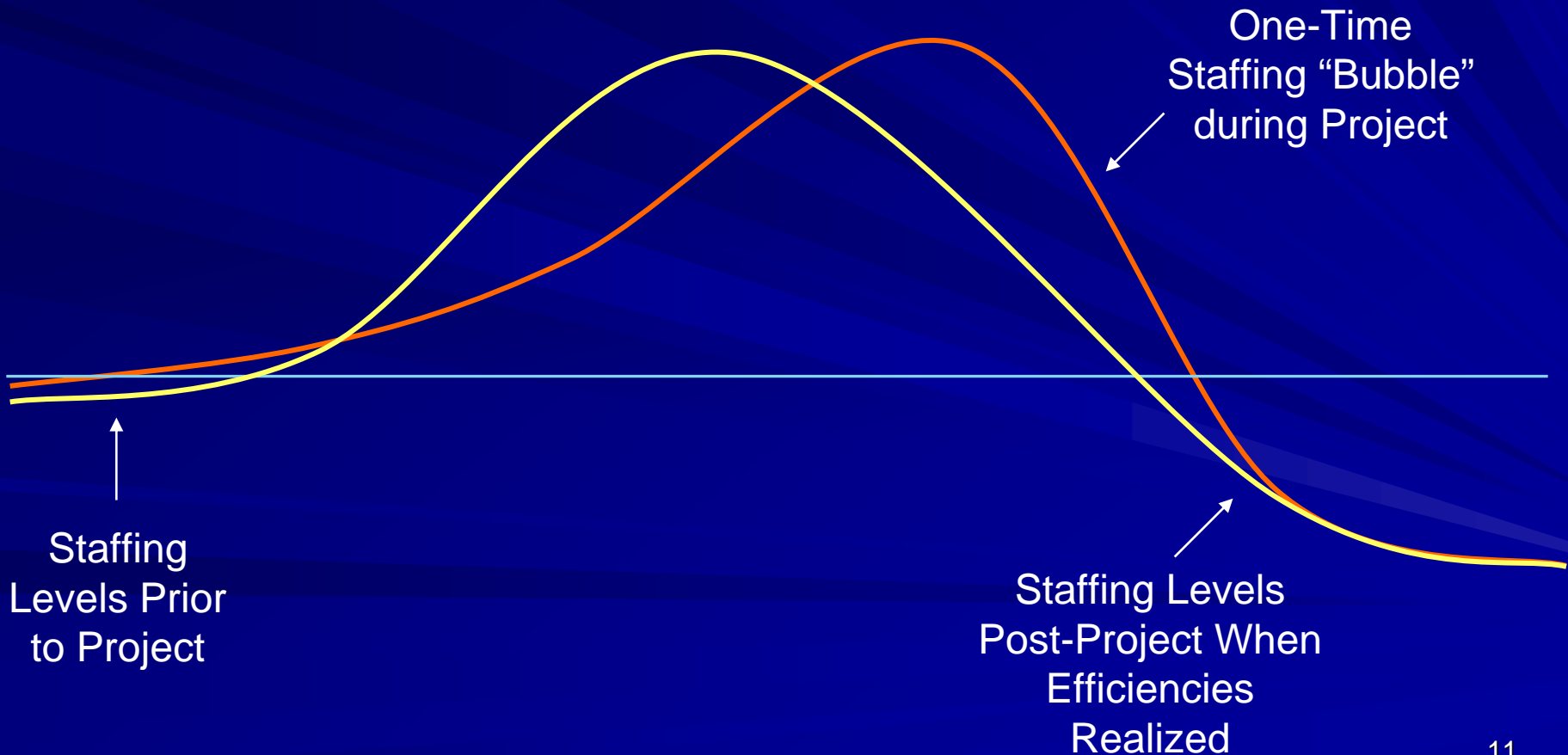
Staffing requirements must be well-understood

Traditional planning for IT project staffing relied on a bell curve distribution of resources

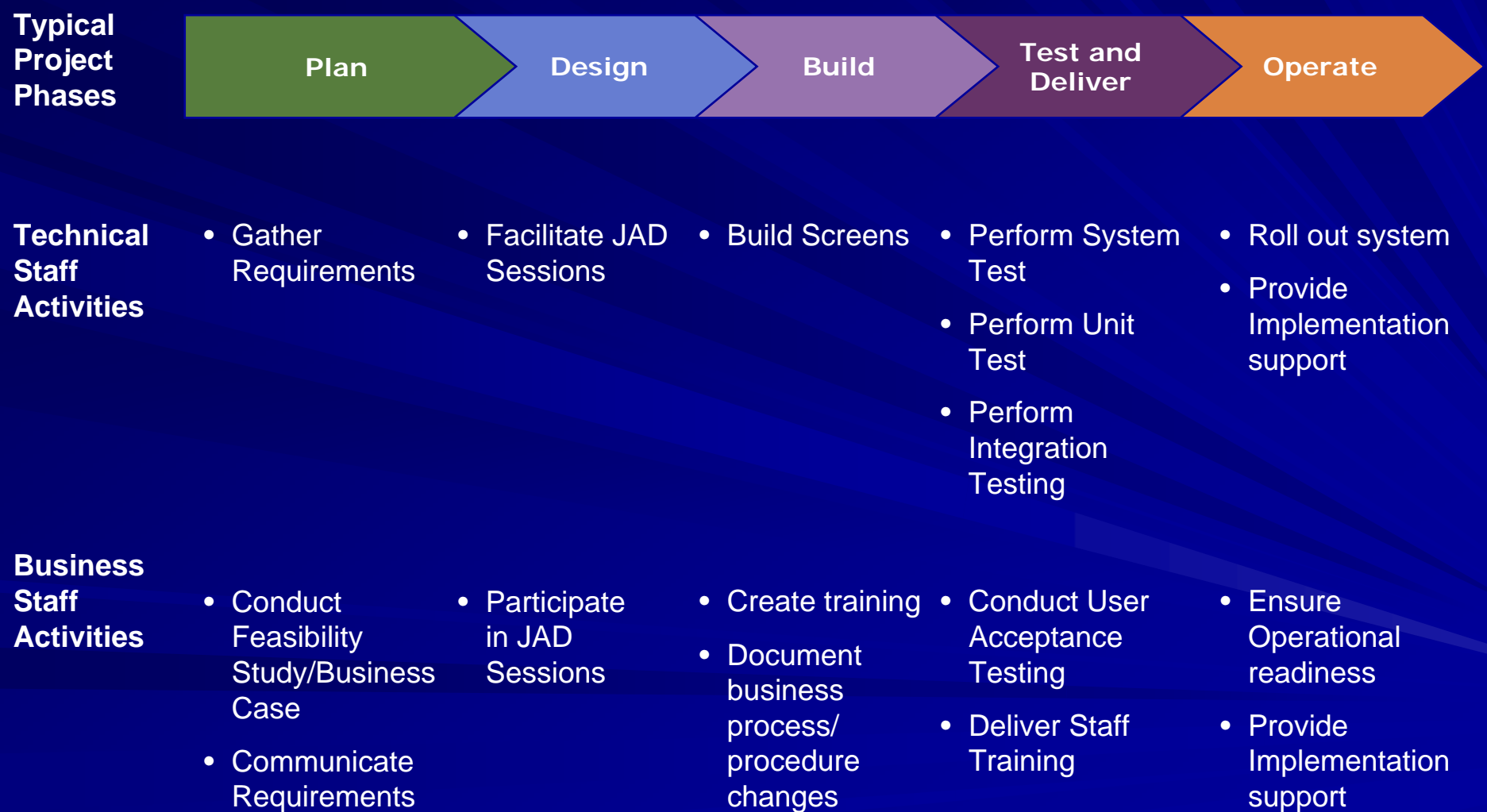


Resource requirements - continued

Projects with significant business impacts may have a resource plan that is skewed towards “ramping up” prior to implementation



Resource commitments throughout a Project



Facilitated Discussion:

What impediments to success have you seen with 3rd Generation IT projects?

What can you do to increase the likelihood of project success?

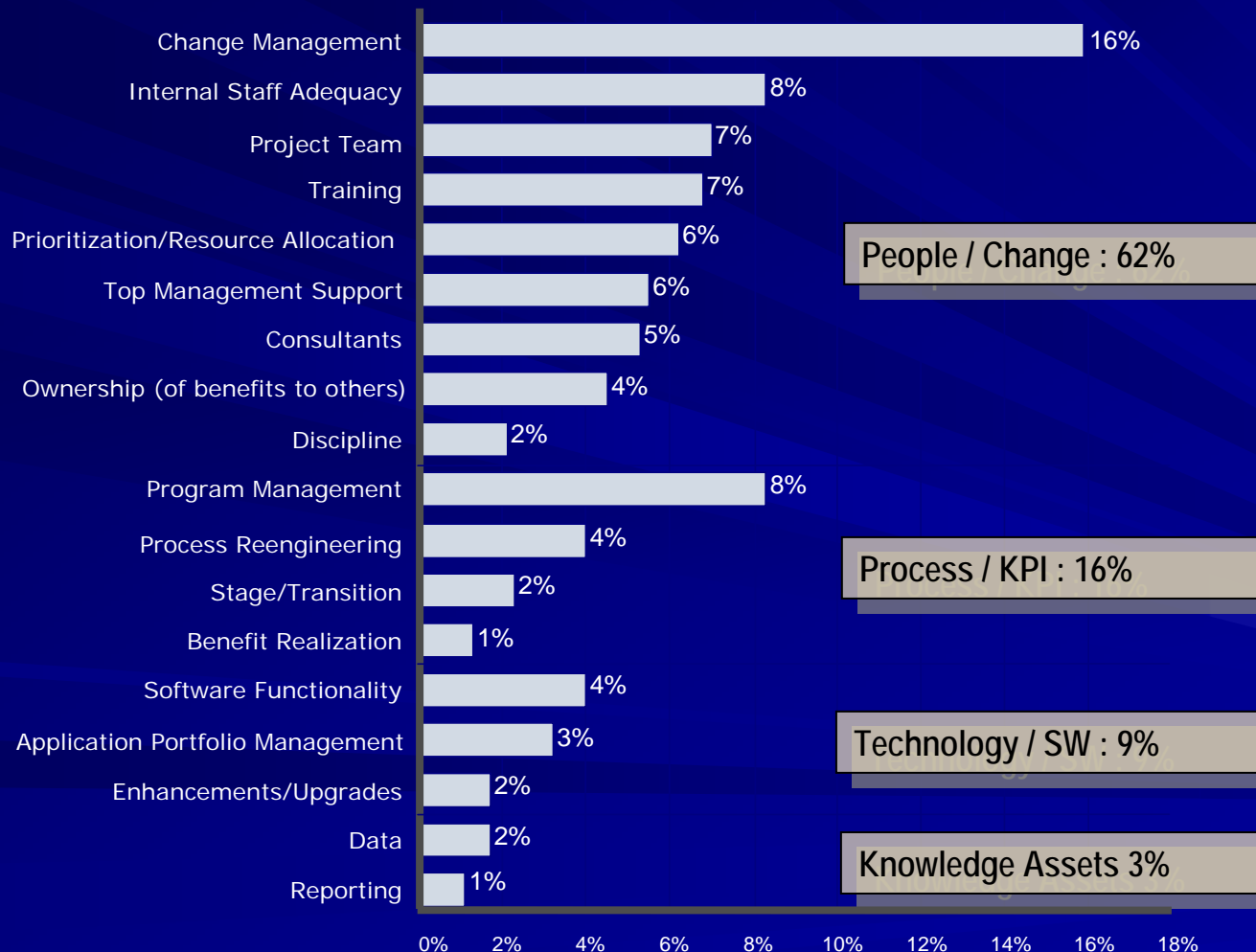
- We've all heard the basics – (Project Management 101):
 - Create a well-defined scope
 - Use proven technology
 - Document the business case
 - Align the technology with the needs of the business
 - Hire a vendor partner with a successful track record
 - Secure adequate one-time and on-going project staff (both technical and business resources)

But things still go wrong...

Addressing people issues is critical to project success

- Studies have shown that the top reasons 3rd Generation projects fail all have to do with “people” and the failure to consider the impact of the technology on operations, staff, and external stakeholders
- As discussed, technology has a wide range of impacts on an organizations
 - New procedures
 - New “face” to the customer
 - New skills required of staff

Surveys have shown that Change Management is the top issue facing organizations during implementation



Source: Deloitte Consulting and Benchmarking Partners (Based on a study of 62 companies that have gone live with an ERP system)

Effective executive sponsorship drives success

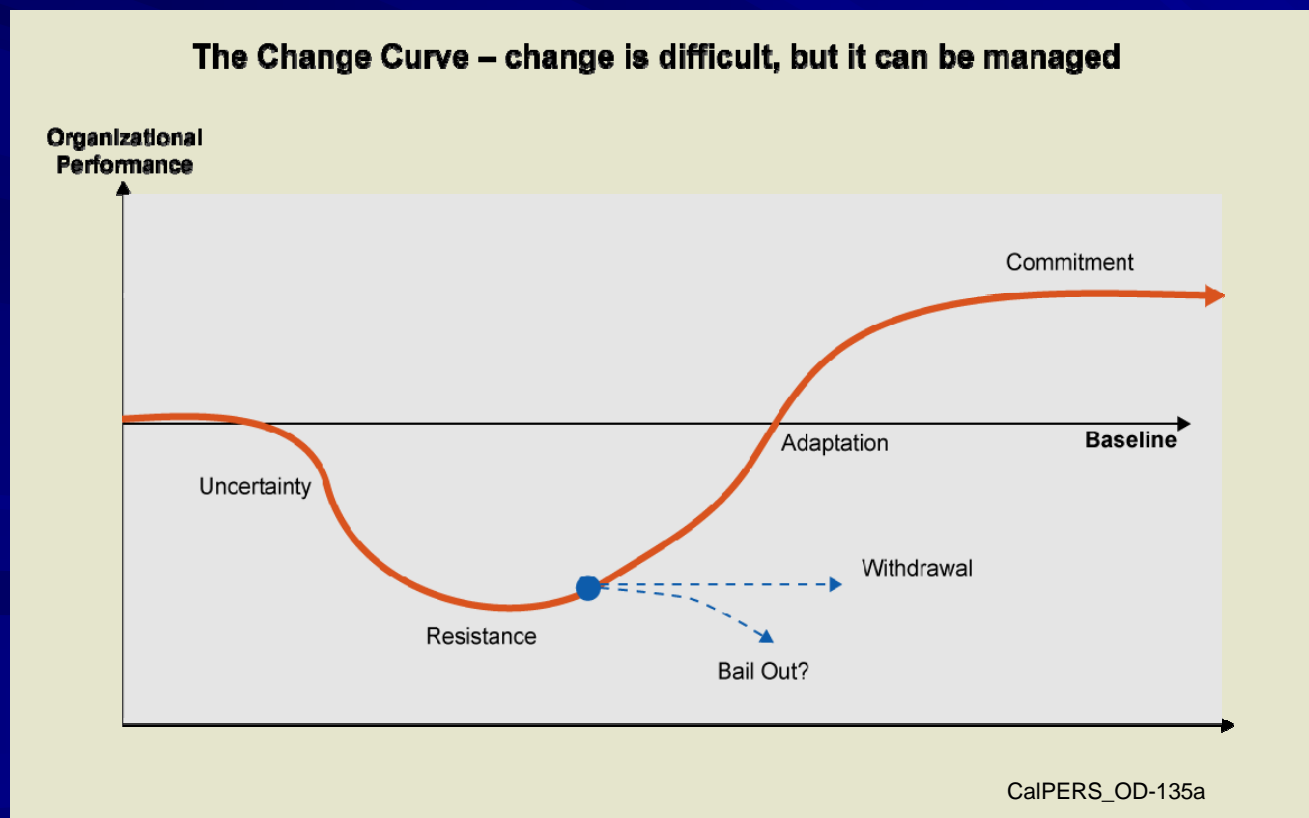
- To help the project manager and the IT staff manage all aspects of the project, a strong executive sponsor is necessary
 - Deliver consistent motivational speeches to the change constituency
 - Impress upon staff that project failure is “not an option” (“Burn the Boats”)
 - Show willingness to partner with the vendor/supplier to achieve a Win/Win outcome
 - Actively manage the project throughout the life-cycle
 - Add resources, if necessary
 - Negotiate issue resolution
 - Sponsor Change Leadership efforts and resources

Facilitated Discussion:

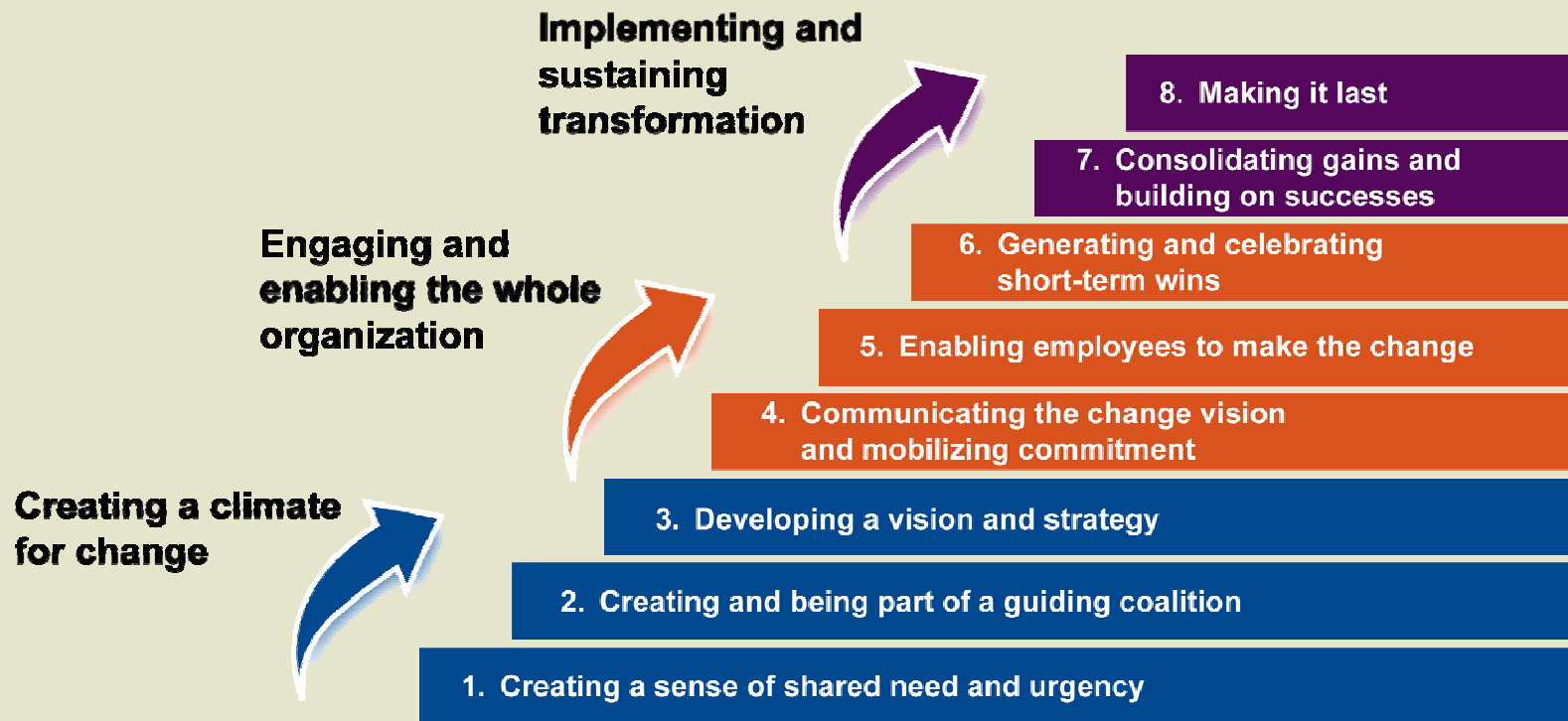
In what other ways would a strong executive sponsor help projects?

Another key to success is understanding the impact of change

- Any time a change occurs there is a natural change acceptance cycle that people experience
- Managing the highs and lows is critical to project success



Strategic change initiatives require a methodological approach

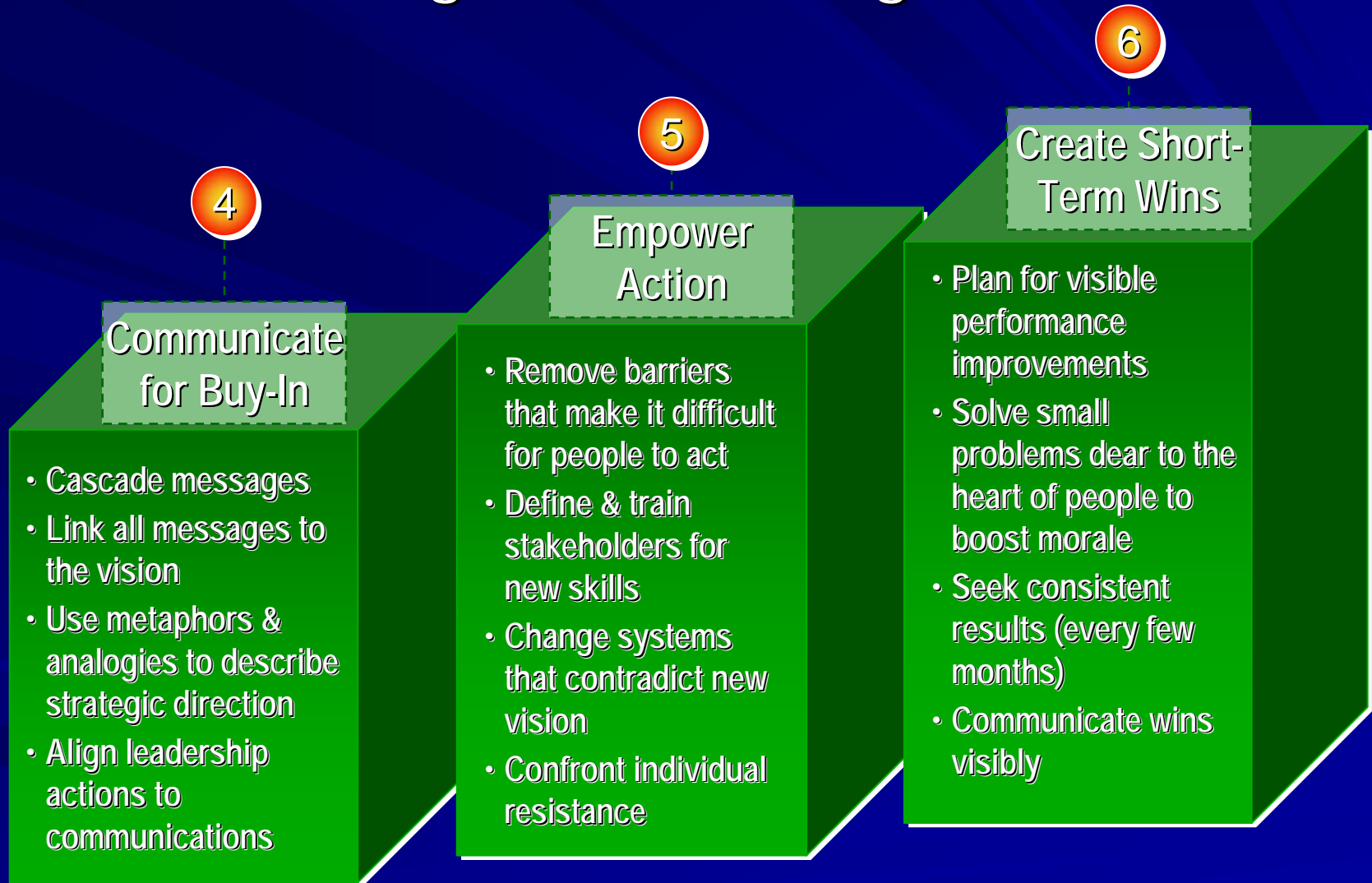


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Heart of Change: Actions for creating a climate for change



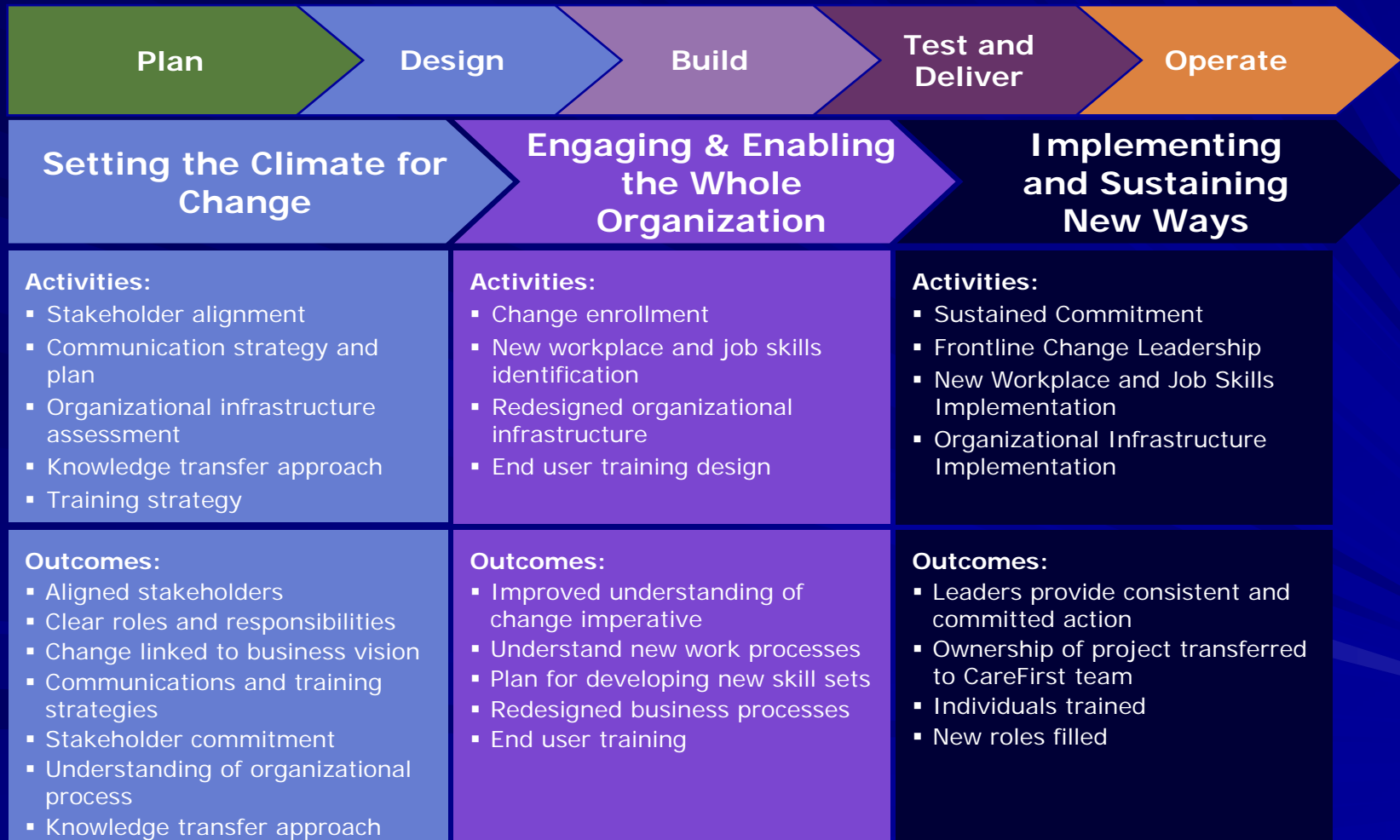
Heart of Change: Actions for engaging & enabling the whole organization



Heart of Change: Actions for implementing and sustaining change



Organization Readiness - Overview



Facilitated Discussion:

How would knowledge of the change cycle help your project?

Technology Impact Checklist

- Who's your executive sponsor? Technology sponsor?
Business sponsor?
 - How often will you meet?
 - How will you ensure counterparts from vendor community to work with you?
 - How will decisions be made?
 - Are Executives willing to “burn the boats”?
- What is the degree of change that the new technology is going to introduce?
 - How dramatic is the change going to be on the business process?
 - What is the culture of the business staff?
 - How receptive are they going to be for that change?
 - Is your staffing (both technical and business resources) commensurate with the change impact?
 - Are you going to add one-time staff to deal with the change and the interruption?

Technology Impact Checklist

- How big is your Project Management Office?
 - Can your PMO pitch in to support project activities?
 - Do you have an enterprise architecture? Is the proposed solution consistent with the EA?
 - What solution are you looking for? An integrated suite? Point product? What integration are you willing to provide? Do the integration business units agree/are they on board
 - How good are you at developing requirements, RFP's, and working with the vendor community (vendor management) to make it a win-win for both sides?

Facilitated Discussion:

What else would you add to the checklist?

Open Discussion