

GovTech CIO Academy presents....

# Building a High-performance IT Organization

N. Dean Meyer

Shared services...  
Do we have to?

How can we  
keep control?

What do we get to keep?

What is in  
Agency IT  
groups?

How should we  
structure our  
organization?

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## Thanks to the Organizing Committee!

- Dale Jablonsky, AIO for EDD
- Paul Benedetto, Chief Deputy Director, ISO
- Gregory Kiefer, President, Kiefer Consulting, Inc.
- Aaron Lee, Unisys Client Account Executive
- Erminja M. Maganja, Director, Strategic Clients, Public Sector, Deloitte Services LP

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## Shared Services

- Pros
  - Economies of scale
  - Higher degree of specialization
    - Pace of innovation
    - Quality
    - Cost: reusable experience, reusable solutions
  - Synergies
    - Shared data
    - Shared solutions/processes

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## Shared Services

- Pros
- Cons
  - Tailoring
  - Control

How can you “have your cake and eat it too?”

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## How Can You “Have Your Cake and Eat It Too?”

- Shared services providers – imperatives
  - Structure
    - High performance
    - Account representatives
  - Culture
    - Customer focus
    - Entrepreneurship
  - Financial governance
    - Products/services with full cost
    - Customers control what they buy

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## How Can You “Have Your Cake and Eat It Too?”

- Shared services providers
- Agency IT organizations – role
  - Niche player
  - Full-service
    - Sole source to clients
    - Treat shared services as “outsourcing” vendor of choice

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## How Can You “Have Your Cake and Eat It Too?”

- Shared services providers
- Agency IT organizations – imperatives
  - Structure
    - Comprehensive
  - Culture
    - Customer focus
    - Entrepreneurship
  - Financial governance
    - Plan budget for products/services
    - Client-driven governance process

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## More on Centralization / Decentralization

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NDMA Inc.  
203-431-0029  
[ndma@ndma.com](mailto:ndma@ndma.com)



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## Common Issues

- Structure  This morning
  - Comprehensive
  - High performance
- Culture
- Financial governance  This afternoon
  - Cost of products/services
  - Client-driven governance process

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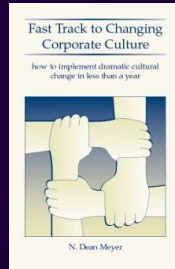
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## More on Culture

[www.ndma.com](http://www.ndma.com)

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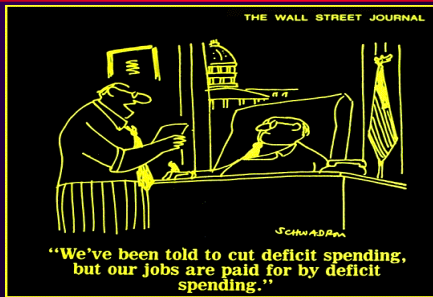
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## Structures that Fail



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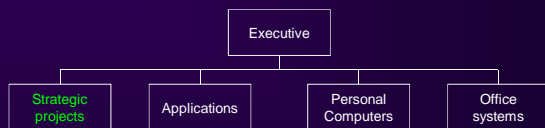
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## Teamwork



What's left???

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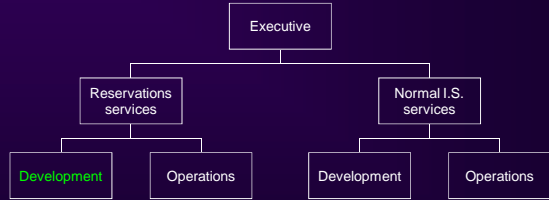
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# Innovation



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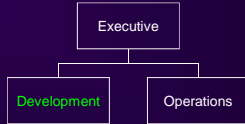
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# Responsiveness



Ensure excellence in design and architecture

Keep things running. . . smoothly, reliably, efficiently

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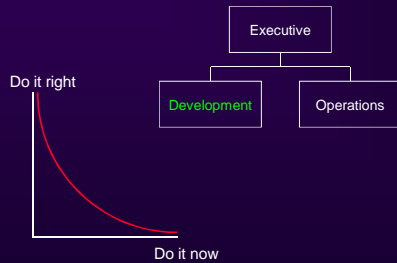
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# Responsiveness



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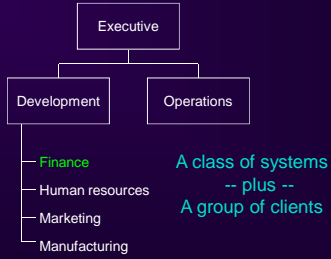
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## Strategic Alignment



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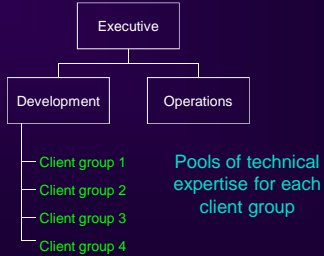
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## Architecture, Innovation, Quality, Speed, Cost



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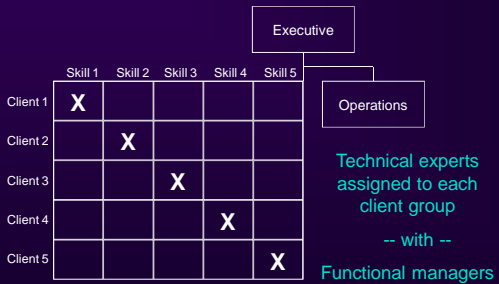
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## Strategic Alignment, Flexibility



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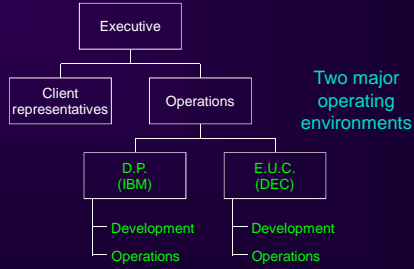
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## Architecture, Diversification



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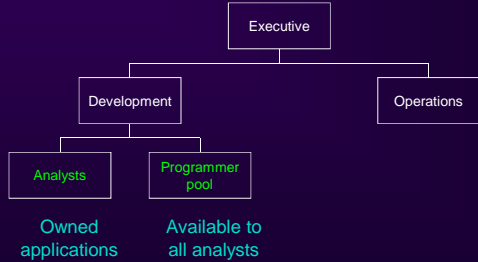
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## Quality, Speed, Morale



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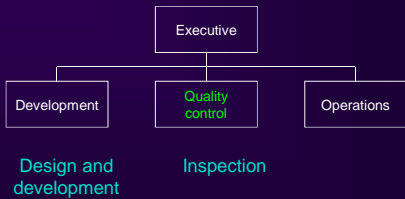
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## Quality, Cost



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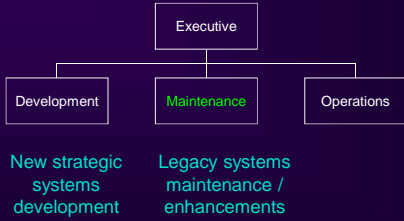
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## Teamwork, Quality, Cost, Morale



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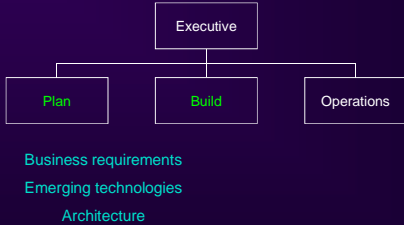
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## Teamwork, Innovation



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## Symptoms

- Empire building
- Territorial battles
- Lagging in innovation
- Unresponsive to clients
- Technology-driven, poor strategic alignment
- Low quality, high cost, slow to market
- Lack of integration

Consider structure first

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## Other Symptoms

- Clients don't know where to go for what
- We can't excel at all of these things
- My job is to look over your shoulder
- Management spends time arbitrating
- The ivory tower

You're not alone

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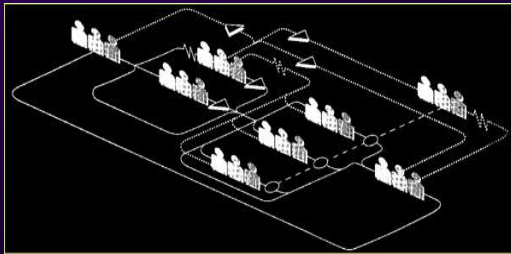
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## Cybernetics Applied to Structure



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## Fundamentals of Structure

- Why do organizations exist?

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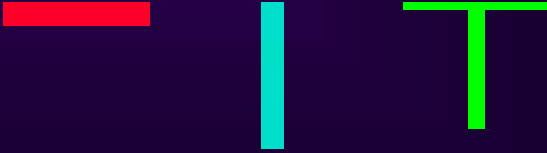
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## Why Organizations Exist

$$\text{VARIETY} = \text{COMPLEXITY} * \text{PACE}$$

- Specialization



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## Specialization Requires Teamwork

$$\text{VARIETY} = \text{COMPLEXITY} * \text{PACE}$$

- Specialization
- Coordination

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## Criteria for Defining Building Blocks

- Whole jobs
  - Lines of business
- Focused jobs
  - No overlaps, gaps
  - Reasonable requisite variety
- Minimize conflicts of interests
  - Invention versus operations
  - Responsiveness versus quality
  - Technical expertise versus unbiased diagnosis

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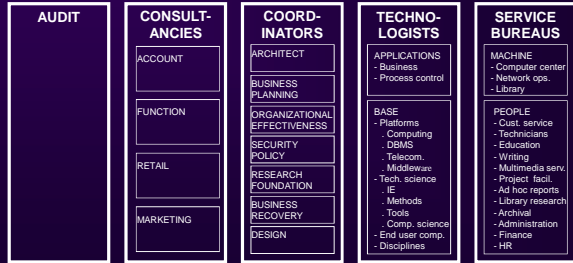
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## Functional Building Blocks




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## Mintzberg's Bases for Structure

- Function
  - Knowledge and skill
  - Work process and function
  - Time
- Market
  - Output
  - Client
  - Place

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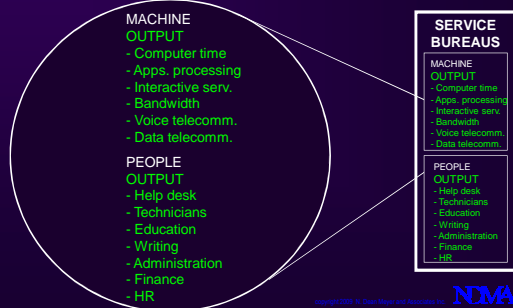
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## Bases for Structure




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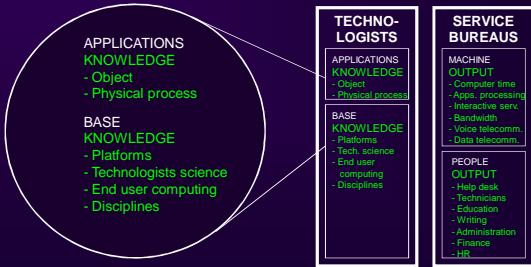
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## Bases for Structure



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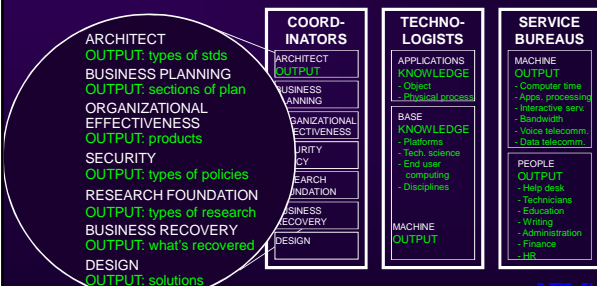
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## Bases for Structure



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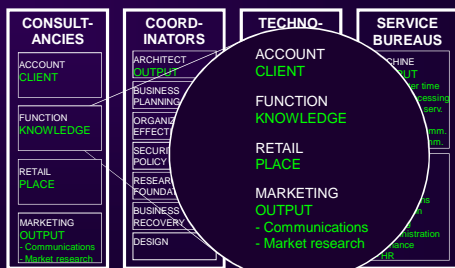
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## Bases for Structure



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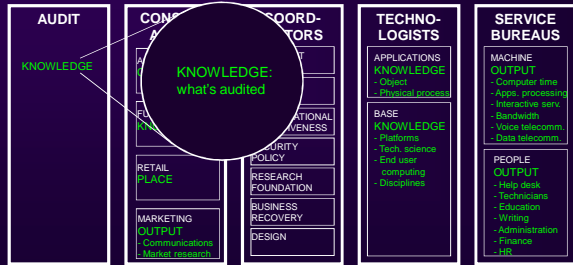
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## Bases for Structure



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## Rainbow Exercise

- Account/Function Consultants
- Retail Consultants
- Marketing Consultants
- Coordinators
- Applications Technologists
- Base Technologists
- Machine-based Service Bureaus
- People-based Service Bureaus
- Audit

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## Types of Structural Dysfunctions

- Gaps
- Rainbows
  - Impossible requisite variety
  - Conflicts of interests
- Scattered campus
  - Loss of campus effect
  - Domain overlaps, gaps
  - Not whole jobs
- Inappropriate substructure

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## Case Examples of Structural Dysfunctions

- Gaps
- Rainbows
  - Impossible requisite variety
  - Conflicts of interests
- Scattered campus
  - Loss of campus effect
  - Domain overlaps, gaps
  - Not whole jobs
- Inappropriate substructure

1. Airline
2. Financial applications
3. Technologists by client
4. Technologists by platform
5. Development / maintenance
6. Plan / build / run

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## Analyzing Structural Dysfunctions

- Gaps
- Rainbows
  - Impossible requisite variety
  - Conflicts of interests
- Scattered campus
  - Loss of campus effect
  - Domain overlaps, gaps
  - Not whole jobs
- Inappropriate substructure

1. List gaps
2. Circle rainbows
3. List building blocks with scattered campuses
4. List building blocks with inappropriate substructures

Does theory explain reality?  
Is structure a significant concern?

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## Most Common Structural Dysfunctions

- Gaps AC, RC, MC, Coord, some PSB
- Rainbows AT+AC, MSB+BTplatforms
  - Impossible requisite variety
  - Conflicts of interests
- Scattered campus BT
  - Loss of campus effect
  - Domain overlaps, gaps
  - Not whole jobs
- Inappropriate substructure AT/client, MSB/task

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## Guidelines

- Gaps
  - Don't do it! All building blocks assigned
- Rainbows
  - Minimize; combine vertically
- Scattered campus
  - Cluster by lines of business
- Inappropriate substructure
  - Substructure based on expertise

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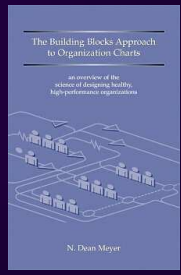
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## More on Structure

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