# The Transformational Effect of IT Governance

BY PHIL BERTOLINI

Governments strive to provide quality services, and efficient IT governance provides the solid foundation that allows them to do so. For example, most jurisdictions have faced financial strains in recent years, but Oakland County, Michigan, was well prepared to withstand the negative effects of the economic downturn, in part because it uses technology in every aspect of government services. As budget reductions cut into the county's human resources, it used technology to help fill the void. Rather than doing more with less, the county is doing less with less, but more efficiently.

Strong information technology governance requires a strong relationship between the information technology department and the finance department (and, of course, the executive sponsor). The success of government IT is directly connected to government finances. For a technology project to move forward, the chief information officer needs to provide strong and clear business cases for strategic technologies. (Speaking in acronyms or jargon, for instance, is a sure fire way to lose executive support.) Technology expenditures need to address the strategic direction of the organization. The IT governance procedures in place in Oakland County provide a consistent, common language that helps create strong, long lasting relationships, as well as building transparency into the processes.

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### THE 5 BUILDING BLOCKS

**Executive Sponsorship.** In Oakland County, the CIO is seated at the "head table," where the strategic decisions are made. Every county program or initiative has a technology component. Elevating the CIO to the top levels of the organization ensures that IT is strategically aligned with the entire organization. An IT project that doesn't retain executive support — which requires continuing communication and education — is in danger of failure.

**Financial Management.** After executive sponsorship is solidified, the chief finance officer and the CIO need to work closely to determine how technology will be funded. The success of IT projects and programs is directly correlated with sound financial practices, so the relationship between the CFO and CIO is very important.[1] CFOs know where every dollar is located, and CIOs know how to plan technology projects and identify their benefits for users. And since technology requires a significant investment of taxpayer money — which the CFO has to justify — technology professionals must provide concrete business cases that include all potential benefits, as well as the return on investment for each technology project.

**Project and Program Management.** Many government IT organizations struggle with preparing IT information because they don't have enough underlying data to measure the performance of the technology. CFOs and CIOs need a combination of finance data and project data to base their business decisions on. Project and program management — a process for managing several related projects, often aimed at improving performance — helps governments manage their technology services while effectively planning the future of IT projects. Moreover, it gives organizations the flexibility to tailor projects as new challenges are presented.

**Outsourcing.** Outsourcing (often referred to as "rightsourcing") refers to finding the most effective way of providing a service, whether that's internally or through a third party. When does a government bring in help to keep it competitive and innovative? Government has tended to struggle in making use of external resources to help them satisfy customer needs, but there are times when the organization just doesn't have the appropriate skill set to get the job done. Oakland County has embraced the use of external resources to fill these gaps, and doing so has saved county dollars while building, maintaining, and nurturing its enabling technologies (inventions or innovations that can be used to create radical change in capabilities). An important aspect of this effort is making sure that external and internal resources are sharing knowledge, thus protecting the organization against "brain drain."

**Information Technology Infrastructure Library.** ITIL is a publicly available library of best practice standards that outline a framework for managing an IT organization optimally. The approach delineates the relationships between IT processes and emphasizes communication and monitoring for continuous improvement. Conducting a gap analysis to identify the areas of greatest need is recommended when implementing ITIL standards.

Oakland County's gap analysis found that the organization was proficient in a number of areas but needed improvement. The county chose to tackle the areas of greatest deficiency, which included incident management (the objective of which is to restore normal operations as quickly as possible, with the least possible impact) and problem management (which aims to resolve the root causes of incidents). Analysis showed that the county had five help desks with little or no coordination, duplicating services but barely meeting customer's needs. Implementing the ITIL best practice standards, all the help desks were consolidated into one service desk, sending customers to one point of service. It was also helpful to have common vocabulary, with a shared understanding of what an incident or a problem was. The county was soon able to lower costs while reducing service desk personnel.

### LESSONS LEARNED

Governments are diverse and have many differing requirements. To meet these needs, they need a strong structural processes — but at what level? Can governments crawl before they walk? They can, and in fact, they should. Structural processes such as project and program management and ITIL compliance can be implemented in phases, so long as the gov-

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ernment is organizationally ready to accept the change. Governments must pace themselves when framing their IT governance structure to ensure that the problems they are trying to solve are actually solved. Oakland County's structure took years to mature, but the benefits were worthwhile.

Organizations that don't have an established project and program management process can begin slowly by implementing processes that benefit them in the short term, while also setting a framework for maturing their processes over time. When Oakland County began its process, it didn't try to install a mature system immediately. Instead, it began by managing its portfolio in large but consumable chunks and evolved until it could manage processes in more detail in subsequent years.

Governments that are just starting to lay their groundwork can start by having staff track hours to programs and tasks. At the same time, the jurisdiction can begin organizing its customers in functional groups to help prioritize work that benefits the overall mission. Oakland County calls these leadership groups, and they have provided significant benefits as they have matured over time. They do everything in their power to identify benefits to the organization, balanced against costs, and will knock projects off the priority list if their benefits aren't well defined and quantified.

### CONCLUSIONS

IT governance has a transformational impact on any government IT organization, and thus any government. This strong foundation helps IT provide the finance department with the information it needs to make informed decisions. As finance and IT learn from each other, this relationship will help the organization create a sustainable IT service that government relies on to serve its customers, the citizens. ▮

**Note**

1. See "The Power of Two: Finance and Technology Officers Working Together," a chapter from *IT Budgeting and Decision Making: Maximizing Your Government's Technology Investments*, co-edited by Shayne Kavanagh and Phil Bertolini (Chicago: Government Finance Officers Association, 2009).

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