

Acquiring Executive Support

(For System Management Processes)

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Why Executive Support Is Especially Critical Today

There are two reasons why executive support is more critical today than ever before. The first is that more critical functions of systems management are necessary to run contemporary data centers effectively, requiring more key resources and more management support to acquire them. During the initial growth of the use of computers several decades ago, systems management was not as critical a factor in the success of a data center as it is today. In the early seventies, availability and online response times were key measures of an effective data center. Functions such as storage management, capacity planning, change management, problem management and disaster recovery were not major factors in the equation for effective computer centers. Fewer functions meant fewer resources were required and less management support needed to acquire them.

Secondly, the infrastructure support groups of computer centers from two or three decades ago focused primarily on technical issues. Internal support groups were relatively isolated from outside influences such as executive management, end-users, and to some extent even application software developers. What little contact outside of IT that many internal support personnel had was with hardware service engineers or software marketing representatives. Today these internal support groups are frequently bombarded with requests from a far more technically educated and computer literate user community, including executives, who are much more likely to be technically astute than their counterparts from several years back.

This technical knowledge of the modern IT executive can be a two-edged sword. Many executives have just enough technical knowledge to be budgetarily dangerous, but not enough technical experience to fully appreciate the requirements and importance of a well-implemented infrastructure. That is why executive support for systems management is so critical today.

Building A Business Case For Systems Management

By the time most IT supervisors reach senior executive positions, they are more oriented toward the goals of the business rather than the intricacies of technology. Their peers are typically Chief Operating Officers (COOs), Chief Financial Officers (CFOs), and the heads of various departments such as Engineering, Manufacturing, Operations, Distribution and Marketing. Consequently, the focus of most Chief Information Officers (CIOs) is on the application of cost-effective technology, rather than the technology itself.

A common method that many CIOs use to ensure the cost-effectiveness of IT systems is to insist on well-developed business cases. In its simplest form, a business case is a clear and succinct cost justification for funds to be expended on technology. An effective and thorough business case will itemize all of the associated costs of a new system or process, and compare it to the expected benefits. One of the major hurdles with this approach is that it is often very difficult to predict accurately the true benefits of a new system or process.

Even when the estimated benefits are reasonably accurate, they are seldom described in terms of costs savings. This is because in many instances the paybacks are more qualitative than quantitative.

Dollar costs and dollar savings are the common denominators used by business professionals in making technology decisions. Yet they are one of the measures least offered by IT professionals in presenting the benefits of a process improvement. This is especially true when estimating the benefits of a particular systems management function. For example, it may be relatively easy to show how an effective availability process reduces downtime by, say, ten hours per month. But it is much more difficult to quantify the downtime into actual dollars lost. This difficulty stems from the variety of hidden impacts that an outage may cause - lost productivity in terms of labor time, re-work due to errors or lack of restarts, time lost due to users not knowing exactly when the system came back up and lowered morale due to the effect of interrupted services.

One way to be effective with business cases is to develop them for the appropriate systems management function. Understanding which functions are the most beneficial to a company at any point in time is critical to acquiring the necessary management support. One aspect sometimes overlooked is that an organization's dependency on a specific systems management discipline may change to reflect a company's changed goals. The maturity cycle of a typical internet, or dot-com, company will serve to illustrate this point.

During the start-up phase of many dot-com companies, the infrastructure function emphasized most frequently is availability. As the number of visitors to its website increases, performance and tuning gain in importance. When the growth of the site starts to accelerate, capacity planning will likely take precedence. The maturing of both the company and its infrastructure normally then requires more formalized processes for storage management, security and disaster recovery.

It pays to know exactly which systems management disciplines are most significant to your company at any particular point in time, and to be aware that these functions will likely change over time. It is also important to understand which business goals of IT are most critical to meeting the business goals of the company. This will usually help determine which infrastructure functions are most critical to meeting the IT business goals.

The next step in building an effective business case for selected disciplines of systems management is to meet and confer with senior IT executives to confirm that the infrastructure functions thought to be critical are in the fact the correct ones. This meeting should also serve to prioritize these functions in the event that multiple functions end up competing for scarce budget dollars.

Costs Occasionally Overlooked When Implementing A Systems Management Function

1. Recruitment
2. Training
3. Office space
4. Software enhancements
5. Software maintenance
6. Hardware upgrades
7. Hardware maintenance
8. Scheduled outages

The most challenging step comes next in terms of estimating all associated costs of implementing a particular function, and doing so with reasonable accuracy. The obvious costs for items such as software licenses and the labor for implementation and operation are easy to identify and quantify. But some costs are occasionally overlooked when implementing a systems management function. These expenses are summarized in the table above.

By the same token, all associated benefits need to be thoroughly itemized and converted to dollar savings. Like some of the less obvious costs of a function, there are several benefits of implementing a systems management function that are occasionally overlooked. The table below summarizes these benefits.

Benefits Occasionally Overlooked When Implementing A Systems Management Function

1. Ability to predict capacity shortages before they occur
2. Avoiding lost labor time of users by reducing both the frequency and duration of outages
3. Increasing productivity by improving response times
4. Ensuring business continuity during disaster recovery
5. Cost avoidance of rebuilding databases and re-issuing transactions

A final step seldom pursued, but capable of adding invaluable credibility to your business case, is to solicit testimonials from customers in other companies about a particular systems management software product. Customers should be selected who are using the product in an environment as similar as possible to your own. It is surprising that this simple technique is not used more frequently, since it usually requires little effort to conduct, yet can strengthen a justification immensely by demonstrating real-life benefits of a product in an actual business setting.

The below summarizes the basic steps to use in developing an effective business case for any number of Systems Management functions.

Developing a Business Case for Systems Management Functions

1. Understand which IT business goals are most critical to a company's business goals.
2. Determine which systems management functions are most critical to meeting the IT business goals that are aligned to those of the company.
3. Meet and confer with IT senior management to confirm and prioritize the Systems Management functions to be acquired.
4. Accurately estimate all costs associated with the implementation and maintenance of a particular function.
5. Itemize all benefits associated with the function.
6. Convert benefits to dollar savings to the extent possible.
7. Solicit customer references for the product being proposed.

Educating Executives on the Value of Systems Management

The best way to talk to executives is in a language with which they are comfortable and familiar. For most senior managers this means presenting information and proposals in commonly used business terms, not technical jargon. IT personnel in infrastructure organizations sometimes become so enthused about the technical merits of a product that they fail to showcase its business benefits effectively. Yet these business benefits are often the very factors that will decide whether a package is approved. Executives need to be educated about the value of systems management in general, and about the benefits of individual functions and products in particular.

I experienced first-hand the value of effective executive education while heading up the infrastructure department at a major motion picture studio. Similar to many large, established companies, this shop had relied for years on mainframe computers for the processing of their critical corporate business systems. By the mid-nineties it was apparent that this company's long-established legacy systems were approaching the end of their useful life. A major migration project plan was initiated to replace the outdated mainframe applications with more modern client/server applications. The functionality and scalability of these new systems would better meet the current and future needs of the corporation.

The first of several business applications were successfully implemented a short time after initiating the project plan. The Payroll and Human Resources departments were due to be installed next, but we would need to add more server capacity first. We discussed this necessary increase in capacity with the executive managers who would decide on approving of the additional costs. We explained how the expansion of the database due to more required fields would result in more channel traffic on the system. We showed how the expected increase in concurrent users would push processor utilizations close to full capacity during peak periods. Other technical information involving security and automated backup software also helped to build a solid justification for more servers. Or so we thought.

While the foregoing arguments were strong and legitimate, a slightly different approach is what finally prompted the senior managers to approve our request. We had instituted a formal capacity planning process several months earlier. A cornerstone of the process involved discussions with non-IT users and their managers about future workload projections. When we presented our information to senior management, we included the data that we had collected from the user departments.

The executives immediately identified with the terms and projections that the user department managers had provided us. Graphs indicating current and future workloads were readily interpreted by our senior level audience, as were the correlations between increased headcounts and larger numbers of concurrent users. While our technical facts presented a solid case for capacity increases, the business picture we painted with the help of our user departments was even more persuasive.

No matter how compelling your reasons may be for additional IT expenditures, they may fall short of a convincing argument if not expressed in the language of senior management. Your job is to determine exactly what that language is. Some decision-makers may speak purely in bottom-line terms, such as the ultimate total cost of ownership. Others may be more financially oriented and focus on items such as depreciation, tax implications, or lease-versus-buy comparisons. Some may prefer descriptive narratives while others choose graphs, charts and pictures. Regardless of their preference, the closer you can align your proposal to their comfort zone, the more likely you will be to acquire their approval.

Three Universal Principles Involving Executive Support

During my many years working with, among, and as an IT executive, I have observed three universal principles involving executive support. These are:

- 1. Managers Love Alternatives.***
- 2. Managers Hate Surprises.***
- 3. Managers Thrive On Metrics.***

Since one of the primary responsibilities of a manager is to make decisions, they appreciate it when you simplify the decision-making process for them by presenting viable alternatives. For infrastructure decisions these could involve choices among products, vendors, platforms or levels of support.

Most managers do not like to be blindsided by business surprises, such as hidden costs, unpredicted delays, or unscheduled outages. The third principle deals with the use of meaningful business metrics. This topic is of such importance it is discussed in detail in the next section.

Developing a Powerful Weapon for Executive Support

A prudent use of meaningful business metrics is a budgetary weapon that offers powerful persuasive capabilities when proposing systems management implementations. To understand more clearly what this weapon is, and how to use it to its optimal benefit, it is first worth looking at how many of today's IT executives ended up in their current positions.

Most of today's IT executives have risen to positions of senior management from one of four primary career paths. The oldest and most traditional path originates from financial departments. In this scenario, senior accountants, controllers, or Chief Financial Officers (CFOs) ended up running the IT organization of a company, since early on, IT was considered essentially an accounting function of a firm.

A second path became more prevalent in the eighties and early nineties, as IT managers became better trained as business leaders to head up IT organizations. In this case, talented IT professionals who had shifted over to a supervisory career path succeeded in transforming their technical expertise into business savvy.

The third alternative started almost as an experiment in the early nineties. A key external customer with sound business practices and excellent customer service techniques was selected as head of IT despite limited exposure to the technology. This movement was motivated by IT departments finally realizing that they were first and foremost service organizations. Consequently, to survive the growing trends toward outsourcing, downsizing, mergers and acquisitions, IT organizations needed to put customer service as their number one priority. What better way to demonstrate this than to assign a qualified customer representative as the head of IT? Some of the risk of this approach was eased by the fact that many user departments had become very computer literate in recent years, particularly as it related to client/server, desktop and Internet applications.

Toward the end of the 1990s, CIOs also emerged out of the IT consulting industry. Though much more limited in numbers these IT leaders nonetheless made their influence felt, particularly in smaller companies. Three factors contributed to the increased occurrence of consultants becoming CIOs. The first was the overall increase of the use of consultants due the expanding growth, complexity and integration of IT systems worldwide. This gave many senior consultants key access and valuable exposure to how IT shops should and should not be managed, allowing them to become candidates for the top job.

The second reason some consultants were able to transition to CIO was the Y2K concern. The unprecedented rush to upgrade or replace non-compliant systems provided specialized consultants access and exposure to most aspects of IT environments, enabling some of them to contend as CIO candidates. The rapid rise of dot-com companies was the third factor. Many of these start-ups hired consultants out of necessity to develop their fledgling IT

departments; some stayed on as permanent CIOs. The table below summarizes these four origins of CIO career paths.

Origins of CIO Career Paths

<u>Timeframe</u>	<u>Area of CIO Origin</u>	<u>Examples</u>
Prior to 1980's	Finance	Senior Accountants Financial Controllers Chief Financial Officers
1980's and Early 1990's	IT	IT Managers, Directors and Vice-presidents
Mid 1990's	Customer Service	Directors and Vice-presidents of Customer Service areas
Late 1990's	IT Consulting	Senior Consultants and Partners of the then big-5 consulting firms

Regardless of the diversity of their career origins, most CIOs share some important common characteristics in their decision-making process. One of these is to rely on a small number of key ingredients as the basis for critical technical decisions. One of the most common and effective of these ingredients is the use of meaningful business metrics. By this I mean metrics that clearly demonstrate the business value of a decision. An incident I experienced while working in aerospace can serve to illustrate this point.

During this time I was managing one of the largest data centers in the country for a major defense contractor. The data center supported a highly classified military program. This particular defense venture required huge amounts of processing power to drive, among other applications, advanced 2-D and 3-D graphic systems. As with many high cost defense projects that involve cutting-edge technologies, cutbacks eventually began to reduce department budgets, including that of IT. But to keep the program on budget and within schedule, IT needed to invest more in high availability and response time resources for the online graphical computer systems.

Traditional availability metrics such as the percentage of uptime, or hours per week of downtime, were not presenting a very convincing argument to the budget approvers. Two of the most critical measures of productivity of the program were the number of engineering drawings released per day and the number of work orders completed per hour. The former was tied directly to the availability of the online engineering systems, and the latter was directly influenced by the uptime of the online business systems.

We knew that senior management relied heavily on these two metrics to report progress on the program to their military customers. Since our traditional IT availability metrics correlated so closely to these two critical business metrics, we decided to use versions of these business metrics to report on system uptime. Prior to this we would have shown how we improved availability from, say, 98.7% to 99.3%, and response time per transaction from 1.2 seconds to 0.9 seconds. Instead, we charted how our improvements increased the number of daily released drawings and completed work orders. Furthermore, when the data showed daily release drawings improving from 18 to 20, we extrapolated the increases, based on a 24-day work-month, to a monthly total of 48 drawings and yearly to 576 drawings.

These improvements caught the attentive eye of the executives and eventually led to approval of the requested IT expenditures. Not only were the quantities of improvement impressive and substantiated, but they were presented in the type of meaningful business metrics with which most managers could identify. Never underestimate the power of these kinds of metrics in securing executive support.

Ensuring Ongoing Executive Support

Today's IT executives work in a fast-paced world of ever-changing technology and ever-increasing demands from customers. They may be faced with dozens of decisions to make on a daily basis, and an even larger number of tasks to juggle and prioritize. Strategies and events that do not require immediate attention are often put on the back burner in favor of those that do. Similarly, executive support for key systems management processes is quickly forgotten and needs to be continually reinforced.

One way to provide this re-enforcement is to showcase the successes of your processes. In the case of availability this would mean showing improvements in system uptime over the course of weeks and months. For tuning processes it could involve showing increased productivity of users. Remember to speak in the language of your executives, and to present information in charts, graphs or tables. If you are not well versed in exhibiting data in high level business formats, try scanning business publications such as *The Wall Street Journal* or *USA Today* for examples of simple but effective presentation of trends, forecasts and performance.

Executives tend to be very goal-oriented and results driven. Their time is valuable and limited. Use it to your best advantage in securing ongoing support for systems management disciplines. Do not assume that because approval was given for previous resources required by an infrastructure process, it will be granted automatically in the future. Just as an IT environment changes rapidly in terms of direction, scope and focus, so also may that of the entire enterprise. The best strategy to ensure ongoing executive support for systems management is to stay informed about the strategies and trends of your enterprise, and to keep your senior managers apprised of the synergistic strategies and trends of IT.

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