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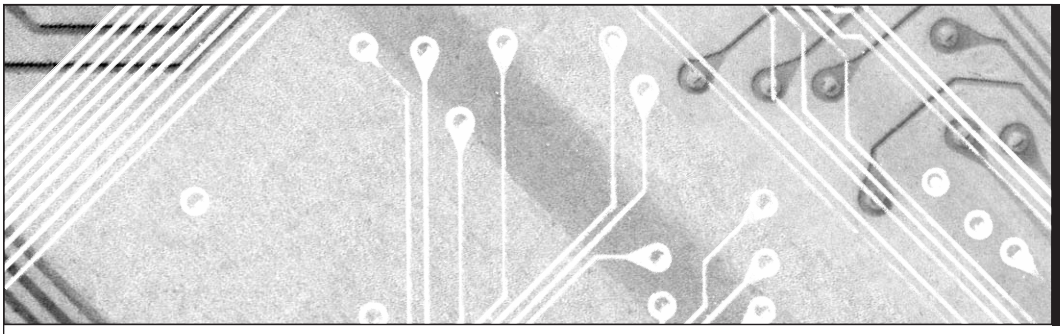
"Building trust and partnership requires credible performance, accountability, common goals, and clear roles for all partnership members, which happens when leadership — both business and IT — defines the relationship in these terms."

— Bob Benson and Pieter M. Ribbers, Guest Editors

Improving Trust and Partnership Between Business and IT

CUTTER CONSORTIUM



Cutter IT Journal

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Opening Statement

by Bob Benson and Pieter M. Ribbers

Trust and Partnership is the title of our new book and the theme of this issue of *Cutter IT Journal (CITJ)*. The premise is simple: if the business and IT have a strong, trusting partnership relationship, the enterprise is better served by its IT.

This is not a new idea, of course. One of us (Bob, unfortunately) remembers the emergence of "data processing" (DP) in the late 1950s and early 1960s, when — even then — the business-IT relationship was in question. What did seem clear is that IT (or DP, in those days) was different from the rest of the enterprise. It was put in the basement, and the "machine room" was put in a safe, cool, centralized place. And so the continuing separation began, producing different cultures, languages, behaviors, and acronyms. Yet many managers and theorists worked hard back then to find common ground. We remember leading early authors like Chris Gane and Trish Sarson, John Deardon, and Sydney Optner, who generally thought the problem was DP's lack of understanding of business processes and management information requirements. The solution, of course, was tools: data flow diagrams, process diagrams, and, more recently, philosophies and processes such as Agile and enterprise architecture.

So it went through the decades. The technologies grew and matured but generally remained things DP professionals applied to better understand the business requirements. Notice the terminology: we all wanted to understand the *requirements*. Not understand the business itself, or the basis for competitiveness, or the management and organizational problems in the enterprise. No, we wanted to translate the current "as is" through analysis into a solution that could be handed over to the business to satisfy "requirements." The business, of course, grew up thinking of us as the technology providers, whose stock rose and fell according to the closeness of our solutions to their requirements.

The subtitle we added to our book is "*Strategic IT Management for Turbulent Times*." Today's business environment is characterized by increasing change and uncertainty. Businesses are confronted with the redefinition of their industry and organizational boundaries, suddenly changing regulatory requirements, changing customer bases, and changing business models, all triggered — at least to a large extent — by accelerating developments in IT. Turbulence impacts the business-IT relationship. Turbulence requires management to be informed in a timely way about upcoming changes and to react fast. Business strategies and plans require co-creation between the business and IT. Agile organizations and agile IT are critical for a business to survive under these conditions. This puts a heavy burden on the business-IT relationship.

It also suggests that the business-IT relationship constructed as seeking and satisfying requirements fails at least in two ways. First, it certainly is not a partnership; that is, a mutual seeking and working together to benefit the enterprise. Second, it limits trust simply to success in meeting requirements — necessary, sure, but not sufficient. In our view, the future enterprise depends instead on common goals, teaming, and trust ... in short, a stable and lasting partnership.

Of course, one has to ask, "So what?" That is, is it proven in practice that a trusting partnership relationship does in fact affect the success of the enterprise and its use of IT (an increasingly important consideration given the transformative impact of IT on the enterprise)? We certainly observe this in our research and client work, and our book is one manifestation of this experience. And it was this question that led us to propose this issue of *CITJ* on trust and partnership, particularly focusing on how and whether trust and partnership relate to the success an enterprise experiences.

While writing our book, we explored "trust and partnership" elements extensively. We concluded that such factors as credibility, transparency, and common goals[1] — as evidenced by both individual and organizational behaviors — exist when trust is strong and are missing when it isn't. For example, credibility largely consists of telling the truth and delivering on promises made. IT often has difficulty with this in its performance of projects: project status isn't clear (overly optimistic reports are given until failure is inevitable), and projects are late and not up to expectations. In such cases, trust and

partnership suffer. We have worked with clients who describe a great trust gap between IT and the business, caused primarily by IT's failure to execute on projects.

For nine years, Bob has written an annual survey-based *Cutter Benchmark Review* feature about IT budgets and related governance issues. Consistently, half or more of the survey respondents have reported that they do not believe their IT governance works (i.e., there is little trust or partnership), and half do not believe they receive value from IT. So trust and partnership do very much contribute to the success of the business-IT relationship and ultimately IT's ability to produce value for the business. Building trust and partnership requires credible performance, accountability, common goals, and clear roles for all partnership members, which happens when leadership — both business and IT — defines the relationship in these terms.

IN THIS ISSUE

Because this topic is so important, we are pleased to present six articles by seven noted authors who discuss the characteristics of trust and partnership, factors that influence them, and recommended actions for improving trust and partnership between the business and IT.

In our first article, Cutter Fellow Steve Andriole observes that "a lot of the 'trust' between technology organizations and corporate business units — which was perhaps always overstated — has disappeared over the decades." If IT is to repair its relationship with the business, a relationship strained by its "not that impressive" record of project performance, it will need to embrace "'participatory governance,' where business units, enterprise leadership, vendors, consultants, and even suppliers all weigh in on what the business technology strategy should be." When participatory governance holds sway, Andriole argues, IT and business people work together to solve problems and exploit opportunities. Such collaboration can be encouraged through the use of financial incentives, while "punishments should be imposed upon those unwilling to work together." While this kind of accountability promotes trust in itself, Andriole offers six best practices — from anticipating technology trends to squelching organizational politics — that business technology teams can use to build trust over time.

Our next author, Em Campbell-Pretty, tells us the unlikely tale of a business general manager (spoiler: it's her) who "ended up leading an IT department at one of Australia's largest companies." Along the way, she experienced the good, the bad, and the ugly of the business-IT relationship. Just when things were at their ugliest, she and her IT counterparts discovered the Agile movement and two of its important lessons: "trust the team" and "understand the environment." Despite a false start or two, "the transition to Agile did start to close the gap between IT and the business." In time, finger-pointing was replaced by joint problem solving and a better understanding of how the work was done. Cambell-Pretty's application of the Scaled Agile Framework (SAFe) further "fostered the sorts of behaviors [she] had learnt were key to building successful partnerships between the business and IT." Collaborative planning produced transparency, a sense of common purpose, and shared understanding. One underlying point is that *behavior* is at the bottom of trust. All of the organization's trust-building efforts would have been for naught if it weren't for "teams making commitments to reliable delivery and then delivering on those promises."

Next, Paul Clermont traces the sources of the mistrust between the business and IT, shining an unblinking light on both IT's "self-inflicted" wounds and the business's abdication of its responsibility for helping to realize project benefits. "Nothing diminishes trust like overpromising and underdelivering," Clermont writes, "and few fields have 'excelled' at this like IT." On the other hand, business sponsors "have gotten away too long with treating IT as a spectator sport in which they have no accountability for achieving the promised results." Is there a way to get past this mistrust? Clermont assures us there is: while there is "no 'Clear History' button to reset a troubled relationship.... homing in on the real issues, clarifying them, and gaining

agreement that they are critical is a great place to start." He concludes by recommending a half-dozen practices that can help repair the business-IT relationship, with the significant caveat that "None of it is guaranteed to work if people don't want it to."

Going from the broad to the specific, in our next article Elizabeth Daniel and John Ward offer their perspective on strengthening the business-IT partnership through the use of IT project portfolio management (ITPPM). They provide three powerful case studies and discuss why the adoption of ITPPM did or did not improve the business-IT relationship in each organization. The authors found that ITPPM succeeds where the organization has a clear strategy and a project's contribution to that strategy can be explicitly demonstrated. This requires visibility into the entire project portfolio so "business and IT [can] understand the contribution IT is making to business performance" and to prevent game playing. "Consistent treatment of *all* projects is important," they tell us, because ITPPM will only serve its trust-building purpose if "both IT and business staff can see that all projects are treated in a fair and transparent way."

Our next author, Pollyanna Pixton, also uses case studies to show how two companies attempted to heal the rift between the business and IT. In this instance — echoing Campbell-Pretty — the proposed remedy was agility, and as in our previous article, only one of the organizations was successful. What made the difference? The successful company took a *whole team* approach to its Agile adoption. While Pixton stresses that clear roles are necessary for the business and IT — "business should own the 'what' and the 'why,' and IT should own the 'how,'" she says — the combined team must share a common purpose and establish value delivery priorities together. Collaboration is the key. As Pixton observes, "Both groups must collaborate to deliver on a common goal: delighting their customers. They can't do it without each other."

Dan Gordon ends the issue with a twist, looking specifically at the relationship between IT and marketing. Like Pixton, he focuses on collaboration as the vehicle for building the business-IT relationship and establishing trust. As Gordon sees it, IT and marketing have two opposite, but complementary, problems. For IT, he writes, "the problem is incipient loss of territory" resulting from the growth of cloud computing. Marketing, on the other hand, faces "not a loss of territory but rather a new continent of opportunity that it lacks the resources to exploit." These formerly warring parties might just be able to solve each other's problems, provided IT can stop being "Dr. No" and learn to support "agility, iterative collaboration, rapid reconfiguration of experiments, and dynamic integration with outside applications, services, and data sources." The effort would be worthwhile, Gordon argues, as "organizations that can develop a working alliance between marketing and IT stand to reap an unfair competitive advantage" over those that cannot.

PARTING THOUGHTS

Taken together, these articles are at the same time optimistic and hugely cautionary. Our authors describe so many examples of trust and partnership problems, and by and large, they have all occurred in most organizations. We currently work with clients who have a clear trust-partnership gap between their business and IT activities. Their leadership would like a silver bullet, but not everyone understands, agrees with, or even sees the vision.

Fortunately, our authors offer many ways for IT and the business to develop and strengthen a joint partnership based on trust. But please note: we all have a tendency to put the onus on the CIO and/or the CEO to develop the solution. We strongly urge readers to return to the articles and apply the wisdom there to *all* IT professionals and *all* business executives with whom IT comes in contact. Trust and partnership are not high-level things — they engage everyone!

ENDNOTE

[1]See, for example, chapters 8 and 9 in *Trust and Partnership* (Wiley, 2014), plus the extensive list of references cited there.

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Whom Do You Trust? What the Business Technology Partnership Should Look Like in the 21st Century

by Steve Andriole

If we're honest with ourselves, we should admit that the record of IT projects is not that impressive. For years, industry analysts and academic researchers have reported that the majority of big technology projects fail by exceeding their budgets and missing important business requirements.[1] There's muscle memory here that absolutely, positively affects how the business perceives the value and competency of their technology organizations, their vendors, and their consultants. Worse, a lot of the "trust" between technology organizations and corporate business units — which was perhaps always overstated — has disappeared over the decades. In some companies, because of all of the failures, the business technology relationship is downright hostile.

The legacy of the business technology relationship in the age of consumerization, cloud delivery, BYOD, and other technology deployment models is fundamentally different than it was in the 20th century. None of these trends will abate, which means that discussions around technology acquisition, deployment, and support "decision rights" must immediately and forever adapt to the new realities about where technology comes from, how it's evaluated, and how it's delivered and supported.

So now what?

TRUSTED GOVERNANCE

If you've centralized operational technology (email, networks, etc.) and strategic technology (applications, analytics, etc.) under a technology czar, there's very little trust in your world, because the nature of top-down centralized technology governance is exclusionary — and the business units (BUs) know it. There's a direct correlation between centralized IT and "shadow IT": the most centralized companies have the most shadow IT.[2]

Centralized CIOs and CTOs have often atrophied. They're seldom challenged by the business units because the rules don't permit challenges. Instead, the BUs buy and deploy technology themselves, often without engaging centralized leadership. "They buy whatever they want" is something you hear from enterprise CIOs and CTOs all the time, while "They never listen to what we need" is what you hear from the business units.

Governance can no longer be centralized. Decentralization, however, comes with the inability to integrate or interoperate infrastructure, applications, or data. Federated governance used to be the middle ground, but today it's more about "participatory governance," where business units, enterprise leadership, vendors, consultants, and even suppliers all weigh in on what the business technology strategy should be. So governance should be shared, which will immediately increase trust among the previously suspicious and cynical participants. Put another way, trust is likely to increase when companies move from being autocracies to open democracies. Companies that retain their autocratic, centralized governance structures will never be able to generate the level of trust necessary to optimize the business technology relationship.

TRUSTED LEADERSHIP

The whole notion of an enterprise chief information officer (CIO) or chief technology officer (CTO) is obsolete. As technology itself decentralizes — regardless of formal organizational structures — there will be multiple technology experts/specialists/leaders. There are already "go-to" technology experts, leaders, and, yes, even "chiefs" in every business unit, every business pod, and surrounding every business process. They are seldom part of the central IT organization, and if they are, their loyalties are aligned more with the business units than with their "boss," the enterprise CIO. In fact, time and time again I've seen "assigned" technologists commiserate much more with their business units than with the IT organizations to which they belong or with their official bosses. This becomes a major problem in many weakly governed organizations where financial incentives are tied directly to what business units say about their enterprise technology partners. Business relationship managers follow the money and will abandon the mother ship if the pot at the other end of the rainbow has the most gold.[3]

Technology leadership should be shared across the enterprise and the business units. But there's another leadership competency that should be emphasized: domain expertise. In the past we could silo technologies and business processes, but today business and technology are inseparable and indistinguishable. The most effective business technology partners are wide and deep in both technology *and* business. Trust comes from credibility, and credibility comes from knowledge and, of course, integrity. If you can hold your own with a BU president *and* a CIO, you're likely to be a respected, trusted colleague — assuming you have some personal integrity.

Attitude is as important as any leadership quality. Years ago there was often an "us against them" attitude across the enterprise and the BUs. Things were competitive. They were aggressive. I cannot remember all the times I refereed fights between my IT team and teams in the business units about what should or should not be done. We forced governance onto the BUs even if we didn't always believe it was the right thing to do: rules were rules. Today and forever, the attitude should be cooperative and participatory. Note that this change may not work for some old-timers who may never accept participatory democracy. For trust to grow, attitudes must change from "It's us against them" to "We're all in this together."

Compensation models must also adjust. Financial and other rewards should be defined for participatory governance and team-based solutions development, and punishments should be imposed upon those unwilling to work together. Trust can be created and reinforced by the right incentives and punishments. Raises, budgets, and bonuses can be linked directly to the extent that solutions are participatory and collaborative. Colleagues who fail to collaborate should receive very little financial reward for their behavior, while those who participate and collaborate extensively should receive the lion's share of the bonus pool.

Finally, there needs to be accountability. In tightly governed organizations, or organizations with no governance at all, there's often no accountability. Leadership without accountability is unpredictable and unfair. Accountability focuses everyone, but it is often hard to find — especially in larger organizations. Organizations governed in a participatory way can distribute accountability across the participants.

Trust demands accountability. If I tell you that the project will be done on time and I miss the deadline by a country mile, you should hold me accountable for the miss. If you don't, I will miss another deadline, and another one, and so on, until you take me to task for my sloppiness. If you never hold me accountable, I have no incentive to improve. But if you do, I will improve my performance — or be financially punished. Trust is inextricably tied to accountability, and accountability should be linked to incentives.

If you can hold your own with a BU president *and* a CIO, you're likely to be a respected, trusted colleague — assuming you have some personal integrity.

CEOs, COOs, AND BU PRESIDENTS

The lack of senior management support is one of best predictors of project failure.[4] CEOs, COOs, and BU presidents must support business technology projects often, visibly, consistently, and enthusiastically. If the troops perceive that there's weak support for a business technology project, they will behave accordingly — running for the hills the moment a project misses a milestone.

CEOs, COOs, and BU presidents should also provide unambiguous strategic vision. Business technologists need a vision from which they can reverse-engineer business technology solutions against a backdrop of ever-changing business models, business processes, and digital technology. Without a vision, they will proceed in several directions simultaneously, which is always expensive and ineffective.

Senior management should also visibly define and enforce incentives and punishments, as discussed above. If they fail to do so, management will be perceived as weak and inconsistent, and trust will be hard to develop and sustain.

TRUST-GROWING BEST PRACTICES

Teams composed of business and technology professionals should identify problems and opportunities together. The era of top-down autocratic control is over. Teams with deep knowledge of technology *and* business models and processes should perform the following tasks to generate credibility and trust:

1. Analyze Business Technology Trends

Business technology teams should continuously track business and technology trends. This means that teams should identify and anticipate emerging business models and processes in their vertical industries and technology trends likely to affect their industries. Emerging payment

systems, location-based services, the Internet of Things, persistent mobility, and even 3D rendering may all impact specific industries in specific ways. What's next? Discovering and communicating major trends will generate confidence and trust (though missing the big ones will undermine the relationship). Teams should devote themselves to tracking and assessing all of the business models and technologies that might impact their companies and the existing business models and processes. Trusting an internal team to monitor and assess opportunities versus outsourcing these tasks to consultants with potentially conflicting professional interests makes perfect sense.

For many clients, "demo" is the only language that makes sense. Demos should also build upon scenario development, use case analyses, and simulation.

2. Explore Scenarios, Simulations, and Use Cases

One of the best ways to assess new business models/processes and new technologies is to explore their potential *in context*; that is, how they could be deployed or how they could solve classes of problems across multiple vertical industries and even disrupt business models and processes for competitive advantage. Scenarios, simulations, and use cases can help gauge and communicate potential. For example, business technologists should explain how an app might help an insurance company reach more customers, how a security tool works for a company's supply chain, or how a social media listening technology can enhance data analytics. These use cases must be specific and reflect precisely how the technology could be used to solve business problems or invent whole new business models and processes. "I'll show you what I mean" is the best way to communicate what a new business model/process or technology might do for a company.

Games and simulations can help assess impact before deployment. Supply chains can be animated, stimulated, and assessed. What-if questions can be hypothesized. Business technology teams should use these tools to determine where new business models/processes and technologies might impact their company.

3. Hold Demos

The teams should also develop live demonstrations that clearly indicate how their companies' products and services can be changed, improved, or even disrupted. The demonstrations should be flexible. For example, if an internal business client wants to see how a big unstructured data analytics technology works, he or she should be able to plug data into a pipe that demonstrates exactly how it works. Flexible demos are convincing. Canned demos beg way too many questions — and undermine trust.

Demos should be "board grade," that is, understandable by boards of directors and other executives who comprehend business models/processes and technologies at a high level. Said differently, business models/processes and technologies must be demystified. Jargon and acronyms should be minimized. Examples should be straightforward and easy to understand. For instance, teams could use an animated scenario to effectively communicate how an electronic payment system could accelerate collection, improve cash flow, and generate interest income. For many clients, "demo" is the only language that makes sense. Demos should also build upon scenario development, use case analyses, and simulation.

4. Perform Due Diligence

Clients can better understand the potential of emerging technologies with proactive assistance. All business clients will ask questions about any business model or technology they are considering. Business technology teams should anticipate these questions and proactively answer them, including especially questions about TCO and ROI — the twins that all executives love.

Failing fast and cheap is a favorite investment strategy of executives, who love the idea of investing very little to learn a lot in a very short period of time. Due diligence is a process that business technology professionals should understand and implement whenever a simulation and demo graduate to pilot status. At that point, teams should ask a series of questions as metrics are developed to empirically assess the contribution the model, process, and technology might make to the business.

Due diligence is a skill that sells — and impresses those ultimately expected to make new business technology investments. Good due diligence teams are highly respected and ultimately trusted to help executives make the right investments. It's a role that extends beyond the role IT professionals played in the 20th century and the early 21st century. But it's one that, if well played, will engender nothing but trust.

5. Provide Always-On Visibility

Business technology projects are always complicated. Teams should obviously manage the projects well, but

they should also report progress and setbacks precisely the way an early-stage company CFO reports cash flow. Once the competitiveness is removed from old business technology processes through new governance, incentives, accountability, and leadership best practices, trust can be generated by active, highly visible project and program management — especially since so many failed project managers have mysteriously disappeared over the years. Years ago, IT professionals preferred staying in the background; they loathed being called to the front office or, God forbid, presenting to the board of directors. Going forward, business technology teams should love the attention since they're no longer playing offense *or* defense. Instead, they're working for the company, not their organization, which suggests the last trust best practice.

6. Show Organizational Integrity

Enterprise CEOs and BU managers and executives do not trust silo organizations, or organizations comprised of bureaucrats whose only role in life is to make their organizations look good. This is another way of saying that business technology organization and management have often been quite political even in the least political corporate cultures. Aligning participatory incentives and accountability grows trust, just as organizational politics kills it.

TRUST, BUT VERIFY

When all is said and done, trust must be earned over time. As IT professionals, we must remember how awful our performance has sometimes been, at least from the perspective of our business clients. It will not be quick or easy work to reverse impressions of slow, expensive, bumbling, and incompetent IT teams. The Standish Group's frequent *Chaos Reports* — among other sources — have convinced many business managers and executives that IT is really pretty clueless about business technology optimization and little more than a money pit into which they pour endless sums of cash, sweat, and disappointment. Earning the trust of the business will require a suite of activities designed to help the business make and save money. These activities will have to generate positive ROI. They will also have to be empirical and measureable: the days of "trust, but verify" are back — and here to stay.

Trust will also require the elimination of the squabbling that BUs are so used to seeing among business technology teams. Cooperation must replace aggravation.

Leadership must change as well. Old leadership styles and best practices will no longer work in a participatory world of trust. This is a massive change from the whole "chief" world with which we've become so familiar. The idea that C-level executives can solve complex, nuanced problems with governance hammers is dated. Problem definitions and solution spaces have matured well beyond one-person-can-fix-all leadership models. It really does take a village of smart, dedicated professionals committed to evolution *and* radical change, whichever is appropriate at the time. This capability seldom if ever existed in a single chief or even several chiefs. The reason why the chief model persisted for so long is that the industry gave chiefs excessive power through centralized governance models: it's easier to govern when you have all the power, or maybe that's just another leadership myth. After all, the life expectancy of CIOs is pretty short. In fact, the legacy of the chiefs is turmoil, failed projects, huge spending increases, acrimony, and hardly any trust between the business and technology organizations and leaders. So maybe it's time to change.

The activities listed above can help change impressions. But it will take some time for business clients to trust their internal providers — about as long as it's taken them to trust their external ones.

ENDNOTES

[1]See, among other reports: Bloch, Michael, Sven Blumberg, and Jürgen Laartz. "Delivering Large-Scale IT Projects on Time, on Budget, and on Value." *McKinsey & Company*, October 2012; and Meshing, Coverlet. "Why Tech Projects Fail: 5 Unspoken Reasons." *InformationWeek*, 4 April 2013.

[2]Taylor, Brian. "Cloud Survey Reveals 61% of Business Units Use Shadow IT." TechRepublic, 14 February 2014.

[3]This is actually *worse* than it sounds: many "assigned" BU technologists openly criticize their CIO bosses and overtly and covertly undermine their company's IT organization. Business relationship management leaders often find themselves managing their technology designates far more than BU technology projects, designates who are sometimes seen as nothing more than "traitors."

[4]For the Canadian government's assessment of the problem, see: "What Prevents Large IT Projects from Being Successful?" Shared Services Canada, 4 October 2013 (www.ssc-spc.gc.ca/pages/ae-ve-eng.html).

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Bridging the Great Divide Between the Business and IT: A Business Perspective

by Em Campbell-Pretty

For the better part of the last 20 years, I have worked on the business side of the great divide between IT and the business. My experience working with IT professionals ranges from strong strategic partnerships to hostile and deliberately antagonistic politics. Reflecting on both the good and the bad times, I have identified several patterns that I believe are critical to enabling the trust required to grow true partnerships. Taking my cue from such business storytellers as Patrick Lencioni, Eli Goldratt, and Gene Kim, what follows is the tale of a business executive with no IT qualifications, who in a strange twist of fate ended up leading an IT department at one of Australia's largest companies. This may sound like an unlikely story, but as Mark Twain once said, "Truth is stranger than fiction, but it is because Fiction is obliged to stick to possibilities; Truth isn't."

WORKING WITH IT: THE GOOD, THE BAD, AND THE UGLY

My early experiences working with IT professionals were very positive. In my late teens and early twenties, I worked for a small but successful market research company with an IT department of one. That one IT guy was endlessly patient with me as I riddled him with questions about the software packages we used. He always had time to explain to me how things worked and encouraged me in my quest for knowledge. This pattern recurred as I moved from one company to another, until I first encountered the world of enterprise IT. These "IT guys" were a whole different breed. They played hardball. Their motto appeared to be "take no prisoners." Working with them was a continual struggle.

There were, of course, a handful of exceptions — open, transparent relationships based on trust, where we truly felt like we were "in it together," both bailing water out of the same sinking boat! By pooling our energies into delivering the best possible business outcomes, we could leverage the strengths of both the IT and business organizations to remove blockers. We never blindsided each other. We forewarned each other about imminent escalations, even sometimes colluding on escalations to put pressure on organizational constraints that were impeding our ability to deliver results.

Reflecting back on these relationships, I believe that the trust we formed was born from mutual respect. We understood each other's areas of expertise. We were respectful when challenging each other's point of view, and we were not afraid to speak our minds. Some of this was probably good luck as well as the right combination of personalities and intellects. In my view, these relationships were helped along by periods of colocation. The closer we were physically located, the stronger the relationships were. I cannot speak highly enough of the power of business people being colocated with their IT partners. Often this requires business leaders and their teams to relocate to be, as management author Jurgen Appelo puts it, "closer to the work that is important to them."[1]

Unfortunately, colocation was not enough to prevent one of the most hostile environments I had the misfortune to experience. The deeply ingrained culture of deflection and blame seemed to be immune to the collaborative effects that normally accompanied proximity.[2] More energy was invested in defending the status quo than in delivering business outcomes. Determining fault was at the heart of every disagreement, scope change, schedule slippage, and cost overrun. Without exception, the number one issue on every project status report was "lack of business engagement." If the technology team made a mistake and couldn't blame the business, the vendors would be next in the line of fire. To add insult to injury, the antagonism almost never resulted in business outcomes being delivered.

AGILE AS THE ANSWER

The environment was toxic, but blaming IT was getting me nowhere. If I wanted things to change, I needed to step up to the plate and take responsibility. After all, it takes two to tango. I might have been "just the business sponsor," but I also had a commercial and ethical

responsibility to the organization to ensure the capital investment in the projects I was sponsoring delivered the promised benefits. Sitting back and blaming IT for all our combined failures was not going to help anyone; we needed to find some common ground.

While my IT counterpart and I didn't agree on much, we did agree that the corporately mandated systems development lifecycle (SDLC) was not working for us. We also agreed that we needed a more iterative approach, customized to suit our context. We even agreed that the answer was Agile; unfortunately our definitions of Agile were poles apart.

Beginning to Close the Gap

We took our combined leadership teams on two days of Agile fundamentals training, and I walked out hopeful that Agile was going to improve both the business-IT relationship and our delivery outcomes. Imagine my surprise when, a few days later, half a dozen Agile "coaches" arrived on the scene to support IT. I was so baffled. I can clearly remember asking the corporate Agile enablement team if I had misunderstood the bit about Agile being a more business-aligned approach to delivery. Despite this disconnection, the transition to Agile did start to close the gap between IT and the business.

The first lesson we learnt was *trust the team*. It was the practice of Agile estimation that enabled this first shared learning. Our first Agile project had originally been scoped and estimated using our traditional SDLC. When the Agile team estimated the same scope using estimation poker, the projected cost and time frame doubled. This was alarming for both the business and IT teams. Initially there was some talk about interrogating the team with a view to reducing the estimate. In the end common sense prevailed, and we knew we had to collectively bite the bullet, accept the team's estimation, and progress our Agile experiment. This first leap of faith was rewarded with the slow but steady building and demonstration of working software. For an organization that had previously struggled to deliver, the regular showcasing of the capability as it was evolving started to build trust. The teams were making commitments and delivering on them. It is so much easier to trust people who deliver on their promises.

The second lesson we learnt was the value of *understanding the environment* that our collective teams were expected to operate in. As management guru W. Edwards Deming said, "The workers are handicapped by the system, and the system belongs to the management."[3] While I realize Deming was referring to the organization as a system, in this particular case, the teams really were handicapped by both the organizational system and the physical system. When this first pilot project deployed to production, performance was dismal. The software that had worked so well in the development and test environments no longer performed. Sadly, this was not the first time a project had struggled once deployed to production, but it was the first time we had tried to build a solution collaboratively and regularly demonstrated our collective progress to the CxOs.

Joint Problem Solving

This more transparent approach to delivery was game-changing when it came to addressing postdeployment issues. There was no time for pointing fingers and assigning blame; what we needed was a fix — and fast! Two streams of activity kicked into gear: one focused on what could be done immediately to enable the capability to be rolled out to the business and the other focused on understanding the root cause of the problem. Within a couple of weeks, a solution to the immediate problem was proposed for discussion. In a strange twist of fate, the solution included using a technology that the business had been wanting to use for a number of years but the architects had viewed as technically undesirable. The root cause turned out to be a number of systemic issues with the physical application, such as an over-complicated overnight batch schedule that ran 24x7 and a fundamentally flawed approach to version control. These problems were not new; it was likely they had been the root cause of a number of previous failed projects such as the aforementioned waterfall one. We just had been too focused on assigning blame to spend time understanding the problem.

Inspired by our modest success, we continued to launch Agile projects. The timeboxed delivery cycles and short-range planning horizons enabled everyone to understand how the work "worked," in a manner that had never been apparent before. Impediments that had been present in the system of work for years started to become clear to both the IT and business sides of the organization. In addition to the practices already mentioned, Kanban-style visualizations played a key role here, especially when I got introduced to the concept of "going to the gemba."[4] (The practice of the gemba walk was developed by Taiichi Ohno, father of the Toyota Production System. The idea is for leaders to "go to the place where the work is done" and see it with their own eyes.) By visiting the development teams and asking them to explain their work to me, I could start to see the non-value-adding waste riddled throughout the system of work. Reams of documentation and heavy, slow technical governance dominated.

Agile had opened up the IT organization to me and the broader business in a way we had never previously experienced. We were welcome and encouraged to attend daily stand-ups (as chickens,[5] of course). We could visit team spaces and talk directly to the delivery teams about how things were going. Team members could communicate directly to us the challenges they were having. This new style of communication was invigorating.

Unfortunately, some of my IT colleagues were less comfortable with the level of unfiltered dialogue between the people doing the work and the people sponsoring the work. It didn't take long before one of the teams got told off for being too transparent with me. I was mortified. The last thing I wanted to do was get anyone in trouble. It would be a number of months before I was prepared to try going to the gemba again.

WELL, *THAT* WAS UNEXPECTED

Approximately one year after our first foray into Agile, an organizational restructuring resulted in me, a business person with precisely no IT qualifications, being invited to lead the same IT organization I had been the primary customer of for the past five years. Personally, I was not convinced this was a great idea. While I was passionate about Agile and the technology we worked with, I was by no means qualified to be the general manager of an IT department of over 150 people. However, I figured this was a once in a lifetime opportunity. It is not every day that a business general manager is invited to lead an IT department.

The day my appointment was announced, my predecessor accused me of being a "poacher turned gamekeeper." This did not sit well with me. After almost 20 years in senior leadership business positions, it seemed unlikely to me that my perspective would change overnight. He was quick to provide advice on how to be a better "gamekeeper," but I wasn't interested. In my view, my mission was straightforward: improve the organization's ability to reliably and sustainably deliver business outcomes. Neither poachers nor gamekeepers had a place in this equation.

I suspect my lack of experience in traditional IT project/program management was actually an asset. I had not been indoctrinated in Prince2, PMBOK, or ITIL. I was not technical. I didn't code. My sole value to the organization I now led was my ability to make it easier for the people who do the work to deliver to our customers. My only qualification was my years of experience as a customer of the process I was now responsible for. My perspective was what systems thinking author John Seddon would call "outside-in," a position that makes it easier to identify waste and opportunities for improvement. Thankfully, as Seddon observes, "The job of management is to make the work 'work' better."[6]

"Riding That Train ..."

My going-in position was to challenge everything and, as martial artist Bruce Lee counseled, "Use only that which works, and take it from any place you can find it."[7] To date, what had worked was Agile. So my first order of business was to cease outsourced, offshore, waterfall development and transition the organization to using Agile as its only delivery approach. While Agile had been working better than anything else I had experienced, we were going to need to improve our Agile implementation if we were to reliably deliver business outcomes. Having read *Scaling Software Agility*[8] by software methodologist Dean Leffingwell, I was inspired to reshape the organization as an Agile Release Train.[9] (This is a long-lived team of Agile teams, of 50-150 people, aligned to a common vision and mission, working from a single backlog on a common and synchronized cadence.)

A side effect of a successful Agile Release Train is the birth of a one-team culture. As marketer Seth Godin states in his book *Tribes*, "Human beings can't help it: we need to belong."[10] One of the outgrowths of labeling people "IT" or "business" is the way it reinforces people's sense of belonging to those groups. The virtual team of teams making up an Agile Release Train helps organizations move away from the idea of business and IT as separate entities and toward becoming one team with an all-inclusive sense of identity. One way to reinforce this sense of identity is to give your Agile Release Train and its teams names and symbols, just as professional sports teams have. After all, as Appelo observes, "It is very hard to have a sense of belonging to a community when the community doesn't have a clear name or image."[11]

My first Agile Release Train had a train theme, and each carriage (team) was named after something train-related, such as Soul Train, Hyperloop, Green Hornet, and Astrotrain. Another train I worked with took the name StAART (see Figure 1), a reminder "to start where you are" and an acronym for the value stream they support.

My time as an IT general manager eventually led me to enter the world of management consulting. With this change came new opportunities to expand my application of Leffingwell's Scaled Agile Framework (SAFe), a free, online knowledge base of proven success patterns for applying Lean and Agile development at enterprise scale (see Figure 2).[12] As I launched more Agile Release

Trains, SAFe continued to resonate with me. It contained many principles that fostered the sorts of behaviors I had learnt were key to building successful partnerships between the business and IT. In particular, the regular cadence of all-hands release planning meetings, with full participation from *all* the IT and business people with an interest in the outcome, reinforced the notion that we were all in it together. Business executives sharing their vision created shared understanding. Collaborative planning using Agile estimation techniques provided transparency, enabling all parties to trust the teams. The management problem-solving sessions created opportunities to find common ground, and the process of "ROAMing"[13] risks provided the perfect platform for leaders to take responsibility. Of course, all of this was underpinned by teams making commitments to reliable delivery and then delivering on those promises.[14]

Figure 1 — The StAART mascot.

The Value of Vulnerability

These days my world revolves around helping IT and the business to bridge the great divide. I have found time and again that the number one enabler of trust is the transparency shown by the leadership on both sides. Of course, that is easy to say, but living it is a whole different matter. Transparency takes vulnerability, and vulnerability is tough. Vulnerability researcher Brené Brown once tweeted that this phenomenon is "The vulnerability paradox: It's the first thing I look for in you and the last thing I want you to see in me." We trust people whom we see as human and fallible, but we perceive these same traits as weaknesses in ourselves.

On multiple occasions I have had the privilege to witness the power of leadership vulnerability in closing the gap between IT and the business. Recently, I watched in awe as a business leader stood in front of a large combined IT and business team and spoke to them about her struggles with the changes taking place in the business and her commitment to making them work. On another

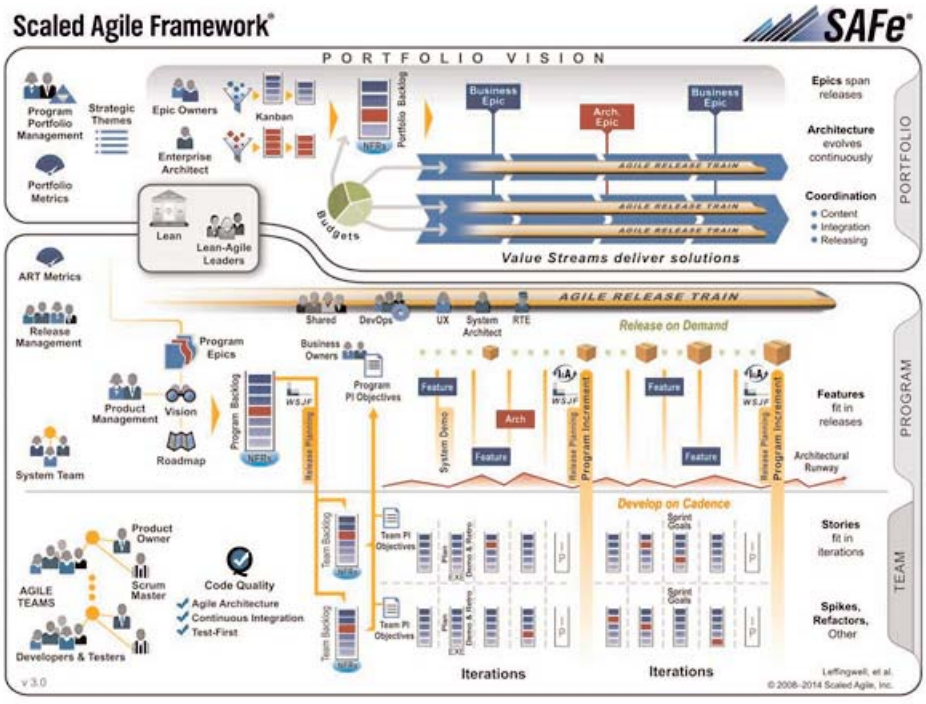

Figure 2 — The Scaled Agile Framework.

recent occasion, a usually serious IT director dressed up as Santa and read out wishes from both the IT and business teams. These simple acts may be personally difficult, but they are also infinitely rewarding in breaking down the barriers between IT and the business.

FREE YOUR MIND (AND THE REST WILL FOLLOW)

In conclusion, as Seddon says, "Unless you change the way you think, your system will not change, and therefore, its performance won't change either."[15] The "great divide" exists because we let it exist. We can bridge it or even eliminate it altogether if we choose to. This change will not be easy. Our current worldviews have been influenced by our previous experiences. The more we are aware of this, the better placed we are to challenge our existing perceptions and assumptions.[16]

There were many people who thought it unlikely that a business leader would be successful as the general manager of a struggling IT organization. Certainly no one thought that I would be more successful than the many far more qualified IT managers who had gone before me. Perhaps I was just lucky. Or maybe it is possible that a change in perspective was what was needed. In the words of *Decisive* authors Chip and Dan Heath, "Success emerges from the quality of the decisions we make and the quantity of luck we receive. We can't control luck, but we can control the way we make choices."[17]

ENDNOTES

[1]Appelo, Jurgen. #*Workout: Games, Tools & Practices to Engage People, Improve Work, and Delight Clients*. Happy Melly, 2014.

[2]Appelo (see 1).

[3]Deming, W. Edwards. *Out of the Crisis*. MIT Press, 2000.

[4]For the full story of my introduction to the gemba, see www.prettyagile.com/2013/07/leading-through-vulnerability.html.

[5]There is a long-running joke in the Agile community about a chicken and a pig that is often used to illustrate the different roles of people involved in a project. It goes something like this: A pig and a chicken are walking down the road. The chicken says, "Hey, Pig, I was thinking we should open a restaurant!" The pig replies, "Hmm, maybe. What would we call it?" The chicken responds, "How about 'Ham-n-Eggs'?" The pig thinks for a moment and says, "No, thanks. I'd be committed, but you'd only be involved!" Members of Agile teams are often referred to as pigs, while their business stakeholders are considered chickens.

[6]Seddon, John. *Freedom from Command and Control: Rethinking Management for Lean Services*. Productivity Press, 2005.

[7]Lee, Bruce. *Tao of Jeet Kune Do*. Black Belt Communications, 1975.

[8]Leffingwell, Dean. *Scaling Software Agility: Best Practices for Large Enterprises*. Addison-Wesley Professional, 2007.

[9]For a more detailed explanation of how this Agile Release Train was shaped and launched, see www.prettyagile.com/2014/03/launching-agile-release-train-while.html.

[10]Godin, Seth. *Tribes: We Need You to Lead Us*. Portfolio Hardcover, 2008.

[11]Appelo (see 1).

[12]The Scaled Agile Framework can be viewed at www.scaledagileframework.com.

[13]ROAM stands for Resolved, Owned, Accepted, or Mitigated. When "ROAMing" risks, the intent is to assign each risk to one of the four categories.

[14]For a more detailed example of a SAFe Agile Release Train Planning Meeting, see www.prettyagile.com/2014/09/SAFe-ART-PSI-release-planning.html.

[15]Seddon (see 5).

[16]Covey, Stephen R. *The 7 Habits of Highly Successful People*. 25th anniversary edition. Simon & Schuster, 2013.

[17]Heath, Chip, and Dan Heath. *Decisive: How to Make Better Choices in Life and Work*. Crown Business Books, 2013.

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Ms. Campbell-Pretty is an active member of the global Agile community and was invited to cochair the Enterprise Agile track for the Agile Alliance conferences in 2014 and 2015. She is a recognized expert in scaling Agile and frequently speaks about her experiences at conferences across Australia and the US. In recognition of her experience with and contribution to SAFe, Ms. Campbell-Pretty has recently been invited to become a Scaled Agile Framework Program Consultant Trainer (SPCT), a level of certification held by fewer than 25 people globally. Ms. Campbell-Pretty also blogs about her "Adventures in Scaling Agile" at PrettyAgile.com. She can be reached at em@contextmatters.com.au.

Trust: Basic, Critical, Elusive

by Paul Clermont

"Trust" is a very strong — even loaded — word when it's applied to working relationships. It takes us beyond issues of competence and confidence into the realm of ethics. I may think a colleague is not very good at his job, or I may lack confidence in his ability to predict when something will be done, but that is not the same as feeling he could simply be lying to me. Trust does not take root immediately, and once lost, regaining it can take much longer.

"Trust" and "partnership" are words that go together. Without trust, there is no real partnership. That we can, going on 60 years into the computer age, still feel the need for an article on this topic tells us how difficult and intractable the problem has proven to be. Anybody who purports to have a general "solution" is a charlatan. But we can't just give up. Every case of mistrust and failed partnership is different and requires a tailored approach, even if the causes seem similar on the surface. As Tolstoy wrote, "Happy families are all alike; every unhappy family is unhappy in its own way."

Many years have passed since CIOs despaired of CEOs ever viewing IT as strategic, but that has not meant that existing IT organizations easily transitioned into being strategic partners. The sometimes spoken, sometimes tacit message of CEOs was, "You don't have to convince me that IT can have strategic value for our business, but I'm not convinced that our IT folks could deliver it." Unfortunately, they were too often right.

More and more, enterprises have cut back or even cut out their IT organizations' roles in the provision of IT. The trend started many years ago when the mainframe lost its monopoly on computing power, first to the departmental minicomputer, then to the personal computer, and now to tablets and smartphones. And it's not only hardware. Potent software packages are more and more handling routine IT needs when IT provides no opportunity for proprietary competitive advantage. Inhouse IT people frequently play a secondary role, with the heavy work of implementation done by consultants from the vendor or a third party.

Outsourcing was, in its initial vogue a quarter-century ago, thought to be a pain-free way around the annoying and frustrating task of directing and managing IT, but it has not been a magic wand. Success depends on a flexible partnership, but too often the partnership talked about so enthusiastically in the negotiation phase degenerated after the contract was signed into finger-pointing and nickel-and-diming from both sides.

WHY THE TRUST ISSUE PERSISTS

Causes of Mistrust

How did this happen? There are many historical reasons, some familiar and some not talked about so much:

- Technical specialists and credentialed professionals tend to be more challenging to manage and work with than people in the more traditional business roles of administration and selling, and they are frequently open to the accusation of "not being very businesslike." They may identify more with their specialty than their organization. This is true of doctors, lawyers, engineers, scientists, professors, and, yes, IT people. But all of these folks, with the exception of IT people, lie at the core of their enterprise. What's a hospital without doctors or a university without professors? Unless they become truly dysfunctional, one puts up with their foibles.

  IT people are a different story. They started in a support role to overhead functions like accounting and production management. They didn't, and for the most part still don't, have formal credentials attesting to their professional training and standards. Like comedian Rodney Dangerfield, they "don't get no respect." (Yes, I know they get plenty of respect in so-called new economy enterprises that are built on IT, but such companies that survive do not typically have trust issues.)
- IT is difficult. There is no way around that basic fact. Whether it's getting a crashed system back online or

designing and debugging a new application, the level of detail and concentration needed is extraordinary. As the field moved from batch processing to online to the Internet to mobile, the complexity increased as fast or faster than the effectiveness of techniques to manage it. Complexity plagues even the IT product powerhouses, as the steady stream of updates and bug fixes attests.

- IT software isn't just soft, it's intangible. Progress in development and implementation is extremely hard to gauge. There's no clear physical evidence. Predictions can prove wildly optimistic, even when made honestly with the best information at hand. Murphy has a field day.

Finding people who have the technical chops to command the respect of IT people *and* the broad vision, style, and personality to command respect in the boardroom isn't easy and never will be.

- Nothing diminishes trust like overpromising and underdelivering, and few fields have "excelled" at this like IT. Yet without overpromising benefits, much of value would never have happened. Strategic lying (or more politely, shading the truth or mental reservation) has not been unknown. Many IT heads, particularly in the early days, knew that if they were candid about the likely cost of a worthwhile project, particularly if the risks and uncertainties were factored in, the project would never happen. So following the maxim that it's easier to ask forgiveness than get permission, IT leaders would give overoptimistic estimates, betting that the results would be good enough that the suits would not go ballistic about the overrun incurred to get them. Sometimes these bets worked out, and sometimes they didn't.
- IT has been beaten up so much for real and perceived failings — not focusing on what's most important for the enterprise, unpredictable delivery and performance of what they undertake, a lack of measurable business results — that IT managers and their people often go into a defensive crouch. In their eagerness to please, or at least stem the day's criticisms, they only reduce their credibility further.
- IT "thinking" is almost contrary to human nature. We evolved in an analog world where ambiguity was everywhere, and we learned to cope with it. But IT has no tolerance for ambiguity; it's zero or one — everything must be spelled out and thought through. Not surprisingly, most people who are good at IT have a very different skill set and approach from most of their non-IT counterparts. (Legal work comes closest. Getting the details right is critical, and the legendary unreadability of legal documents comes from their need to dispel ambiguity.) The two worlds don't quite understand one another and don't naturally play well together or even much like one another. (Yes, the preceding does a lot of stereotyping, but isn't stereotyping really just an informal application of statistical theory?)
- A corollary of this is that IT people tend to be less adept at office politics than most of their business counterparts. They are craftsmen in a world of organization men, jungle fighters, and gamesmen.[1] A senior person from an outsourcer or a vendor may seem refreshingly smooth but may be dangerously so. Weiler's Law[2] applies: "Nothing is impossible for the man who doesn't have to do it himself."
- The CIO role, originally defined in the mid-1980s and ballyhooed by consultants and academics, has not been uniformly successful. Finding people who have the technical chops to command the respect of IT people *and* the broad vision, style, and personality to command respect in the boardroom isn't easy and never will be.
- Canned methodologies can come across as time-wasting, flank-covering bureaucracy and often are exactly that. Worse, the long-used (and misused) waterfall methodology for developing applications gets in the way of collaborative problem solving. That approach isolates IT people, further exacerbating the "don't play well together" problem cited above by leaving people in their comfort zones and thinking in terms of "them vs. us."
- A lot of IT work since the beginning has been shoddy. "Building codes" governing architecture and design were decades in coming and still frequently honored only in the breach. Documentation of designs and programs has always been a problem, suffering from poor quality when it exists at all. Years of quick-and-dirty fixes have left a legacy of undocumented cat's cradle systems. In defense of IT, much of this was done under brutal time pressure, but then it was never cleaned up afterward — dues to the past just kept accumulating. Cynics outside IT suspect a job-preservation motive when only good old Jack has the foggiest idea of what's in there.

- Many IT people tend not to want to show work in progress, preferring to wait for all the stated requirements to be met, because they expect (too often correctly) that they'll have to spend most of their time explaining why features aren't there yet. So when the result is not visible until it's born full-grown on a half-shell, it may not quite look like Venus to the business people. The "try it and fix it" approach is, unfortunately, not instinctive.
- When dealing with a request or requirement, the IT person's first thoughts are about what is really involved, so she attempts to flush out details the requestor may not have even thought of. In the meantime, the requestor, impatient with gory detail, just wants to know when it will be done and at what cost, information the IT person cannot simply conjure up on the spot. The frustration is mutual, as each sees the other as vague and mealy-mouthed.
- Governance structures that look reasonable on paper turn out to be stilted, cumbersome, and boring for non-IT executives, thus losing the support of the general business executives they were designed to bring on board.
- Technology turbulence, combined with protracted implementation, means that applications look and feel obsolete even before they're delivered, guaranteeing disappointment.
- IT managers and people have to walk a fine line between being too tech-centered and becoming technically obsolete. Now that IT innovations get a lot of general media coverage, IT people look bad if they're not up to date with the new new thing their non-IT counterparts ask about, yet they can't be seen as treating technology like the proverbial child with a hammer to whom everything is a nail.

It's Not All IT's Fault

IT people must shoulder much of the blame for a poisoned relationship but by no means all of it. Not all their wounds are self-inflicted:

- Managers of functions getting new IT have gotten away too long with treating IT as a spectator sport in which they have no accountability for achieving the promised results. If IT has delivered what the business asked for and the projected benefits are not realized, IT is not to blame. Yet they have often ended up as the fall guys, outmaneuvered by cannier office politicians.
- People who are not conversant with how IT applications are built get frustrated when they are told that what they think is a simple request is actually complex and thus will take some time to complete. When this happens, they suspect that the IT people are lazy, unresponsive, or incompetent. When the opposite happens and IT delivers something surprisingly quickly, it's taken for granted.
- Business turbulence has not helped. Even with techniques like prototyping and Agile, there is no escaping the fact that IT projects take time. While nimbleness in business is a great virtue, changes that depend on new IT need to be thought through more thoroughly than changes that can be implemented by fiat. Some turbulence can't be avoided, but gratuitously jerking the business around because of some new wheeze from a consultant or academic is a sure way to waste resources and generate ill feeling about long-lead items like IT.
- Obsession with IT's cost lies at the heart of many partnership issues. Too many CIOs have fallen into the trap of trying to be "more Catholic than the Pope" in cutting costs, as if that will be remembered favorably when the IT function is too hollowed out to take on an important effort next year.
- Negative views of the IT function, even if justified, have meant that good ideas and advice have not been solicited when business units have contracted with vendors directly (see the sidebar "How Not to Buy a Package.")

HOW NOT TO BUY A PACKAGE

Client T, a defense contractor, was required by their customer to upgrade their production control system to a closed-loop approach. Production managers contracted directly with a well-known vendor for its package, and the vendor was happy to bill Client T more than 10 times the package cost for tailoring it to "how T does business" — never mind that closed-loop control meant a very different way of doing business. Shame on the vendor for simply taking the money, shame on the CIO for not aggressively pointing out the folly, and shame on general management for not even asking the CIO for his opinion.

SO WHAT CAN WE DO?

This is no "Clear History" button to reset a troubled relationship. There is no fairy dust that will make stereotypical IT people and stereotypical business people suddenly understand one another and enjoy working together. But as any marriage counselor will attest, homing in on the real issues, clarifying them, and gaining agreement that they are critical is a great place to start. The more clearly and tangibly the issues can be articulated, the more likely that common ground can be found. Purging the discussion of "You always…" and "They never…" sentences is key, because they're (almost!) never literally true. There are undoubtedly many ways to do this (see, for example, the sidebar "Making Peace in Client F"), but here are a few basic principles:

- **Colocate.** Perhaps the most important principle is colocation. "Nothing propinks like propinquity," as an Ian Fleming[3] character said. I have been continually amazed by how organizations exacerbate the them/us divide by physically separating IT people from the people they're supposedly helping. Colocation not only humanizes the "other," it also enables collaborative problem solving instead of throwing documents over a wall. IT needs to be more than just a construction worker; a better analogy is architect, a professional who can identify and help the client evaluate possibilities and options and clarify the inevitable tradeoffs so as to achieve the optimal combination of capabilities, cost, and, in many cases, implementation timeline. (This use of the word "architect" should not be confused with specialized roles like data architect or enterprise architect; they're related but not the same.)
- **Build understanding of each other's jobs.** Having an IT person sit with a customer service representative or a field salesperson or an operations manager, for example, can provide more insight and stimulate more creativity than any sheaf of documents. Likewise, explaining to a non-IT person *in jargon-free language* why different options for fulfilling a need can create very different levels of complexity is better than demanding that she just say what she wants; it can both reduce costs and improve satisfaction. Of course, the business person must be open to this.
- **Deliver faster.** In terms of the substance of IT's work, there is probably no element more important to improve than speed of execution. This depends on modern techniques that work best with teams that include non-IT people at every step, fully incorporating the try-it-and-fix-it approach.

MAKING PEACE IN CLIENT F

Client F, a multiline insurer, had engaged a boutique strategy firm to help them set direction. It soon became clear that almost any direction required a lot of new IT and that their IT situation was beset with mistrust. Teaming up with the strategy firm, which had compiled copious notes documenting strong negative feelings about the IT organizations (and vice versa), I launched a multistep process in which I:

- Interviewed a cross-section of the organization, from divisional CEOs to first-line supervisors both in and out of IT, to obtain a wide range of views of the IT situation.
- Extracted near-verbatim quotes from the interview notes, larded with a number of quotes from other clients with similar issues that I might plausibly have heard in Client F but had not. (When people don't say what they might have been expected to say, it can be as revealing as what they actually do say.)
- Circulated the quotes in a questionnaire to a larger cross-section, asking respondents to rank each quote on a 5-point Likert (strongly agree to strongly disagree) scale.
- Segmented the results according to whether the respondents were in an IT unit or not.
- Presented the results in a workshop of the interviewees, showing where the segments agreed and where they didn't. (Where they agreed about a negative statement, perceptions at least matched reality.) The real work to come concerned the areas where the perceptions did not match. The objective was to zero in on root causes of the dissatisfaction with IT.
- Circulated a deliberately incomplete — and in some cases, a bit off the mark — set of root cause conjectures to get the discussion going. Respondents' homework was to prioritize the consensus set of root causes.
- Held a workshop to agree on a set of actions, again presenting incomplete ideas to seed the discussion.
- Formed multidisciplinary teams to address specific actions.
- Followed up with individual teams.

Most of the proposed actions were implemented. The situation did not become nirvana, but it got a lot healthier.

- **Make implementation in the field a real team effort.** Every new IT capability profits from tweaking as its actual use reveals things that could have been done better. Again, collaboration helps home in on the greatest improvement for the least cost.
- **Use methodologies wisely.** Methodologies serve an important purpose, but they become counterproductive when they are so arcane or jargon-laden that non-IT people (and more than a few IT people) tune them out. They need to be explained, not imposed.
- **Identify and root out management controls and practices that are broadly viewed as unproductive.** Managers in and out of IT need to focus less on mechanisms and more on the quality and productivity of the interactions of their people as they venture out of their comfort zones. Putting cats together in a bag does *not* turn them into friends.

None of this is magic. None of it is guaranteed to work if people don't want it to. Even if it helps the organization, it won't work for every individual. There are people, particularly in IT, who will not thrive outside their comfort zone, but if they're exceptionally strong contributors behind the scenes, that may not be a problem.

I don't suggest that you rule out team-building exercises, but I suspect I am not alone in finding them a bit contrived and hokey, especially if participants go right back to business as usual afterward. I also suspect IT-oriented people are more likely than most to be skeptical if not downright cynical about them. In short, nothing builds teamwork better than real work toward a real goal, done as a team.

There will be idiosyncratic factors that the general guidelines above will not address — remember what Tolstoy said about unhappy families — and thus having a facilitated process to identify them is vital. It need not (and should not) be a Big Deal preceded by fanfares and drumrolls. There may also need to be staff changes; some toxic history simply can't be overcome. At its heart, all of this is just common sense and *management* in the deepest sense of that word.

ENDNOTES

[1]I owe this useful typology to Michael Maccoby, as set forth in his book *The Gamesman* (Bantam Books, 1978).

[2]A.H. Weiler was a writer, editor, and critic at *The New York Times* for 50 years.

[3]Yes, that Ian Fleming. In *Diamonds Are Forever*, Felix Leiter, a wise older spy in the game, offers this adage to James Bond. American diplomat George Ball often quoted it.

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Improving the Business-IT Relationship with IT Project Portfolio Management

by Elizabeth Daniel and John Ward

The relationship between some IT departments and their business colleagues is adversarial rather than collaborative, resulting in mistrust and conflict instead of respect and cooperation.[1] One of the causes is the inability to agree on investment and project priorities, which leads to contentious or misunderstood decisions on schedules and resource allocation and almost inevitably to wasting funds on too many failed projects — up to 70%, if surveys are to be believed.[2] Business colleagues believe their IT counterparts favor projects they want to do rather than those that are most important to the business, whilst IT people believe business "priorities" are not always based on sound justifications and change too frequently.

In large organizations, there may be hundreds of IT programs and projects of different types, sizes, and complexities, and at different stages, all competing for attention and resources. It is impossible for any one person or function to understand and balance the rationales and merits of them all. It has long been challenging to compare, prioritize, and manage such a portfolio of IT projects and programs, but it has become even more challenging in the recent difficult economic conditions, as financial pressures have increased and available IT resources in most organizations have been reduced.

In this article, we use three case studies to demonstrate how the use of IT project portfolio management (ITPPM) can influence the relationship between the business and IT. The three organizations we studied faced similar issues — increased business uncertainty and the need to reduce costs significantly — but they implemented ITPPM in different ways, which had varying impacts on the business-IT relationship. In one organization, ITPPM improved the relationship significantly. In the second, it improved the relationship for a while, but when the business context subsequently changed, the relationship between IT and business colleagues deteriorated. In the third organization, the introduction and use of ITPPM strained the relationship between the business and IT. We compare the approaches the three organizations took to ITPPM and the consequences this had so as to provide lessons for others on how to improve the business-IT relationship through ITPPM and avoid the pitfalls.

WHAT IS ITPPM?

IT project portfolio management can be defined as "a corporate, strategic-level process for coordinating successful delivery across a firm's entire set of IT programs and projects."[3] Activities involved in ITPPM include:

- Aligning projects to the organizational strategy
- Prioritizing projects based on balancing alignment, value, required resources, and risk
- Identifying dependencies between projects
- Evaluating project performance
- Assessing the overall value delivered, compared with expectations

The main rationale for ITPPM is to enable business management and IT specialists to jointly agree on the best investments to make, their relative priorities, and how to make most effective use of the resources available. Unfortunately, it is not always easy to agree what "best" means or what resources are actually available. Our surveys[4] suggest that about 90% of organizations perform some form of portfolio management for their IT investments, but only 40% of those are satisfied with how well they do it. In particular, efforts to maximize the business benefits from the portfolio and balance the risks of different types of investments were often considered unsatisfactory, even when projects were apparently aligned with the business strategy and prioritized accordingly.

THREE CASE STUDIES

We undertook our case studies following the financial crisis of 2008, when economic conditions and business uncertainties were likely to exacerbate any existing

strains in the business-IT relationship. This increased the importance of ITPPM in the case study organizations, as all three needed to reduce costs significantly to meet the difficult financial and market conditions. In addition to accommodating the consequent restructurings and budget reductions, the organizations wanted to link investments explicitly to their business strategy and make more effective use of decreasing funds and reduced IT resources.

All three organizations established new business-led IT governance structures, supported by project management offices (PMOs) that were responsible for the administration of the ITPPM activities. (Note: the names used in the case studies are not the real company names.)

Case Study 1: MediaPLC

Our first case study illustrates how the introduction of ITPPM can improve the relationship between IT and the business, even when it is introduced alongside significant restructuring and cost cutting.

MediaPLC is one of the leading publishers of national and regional newspapers in the UK, and it has a rapidly expanding online presence. As with many newspapers, circulation of MediaPLC's print publications is falling, and it is under pressure to reduce the costs of these publications while also developing its online offerings. To realize cost reductions, the company consolidated three divisional IT groups into one centralized resource, all projects were combined into a single portfolio, and the IT budget was reduced by 25%.

New governance processes were introduced that included the formation of an approvals board composed of both business and IT management. A major review of all recent and existing projects demonstrated a very poor return overall and huge overruns on many projects. As a result, the board stipulated that investment cases would only be approved for spending in the current financial year. Projects would be required to submit for renewed authorization each year, ensuring that all projects were still relevant to changing strategic priorities. The review also identified a number of similar or even duplicated projects. These were quickly rationalized by cancelling some and combining others, thus freeing up both business and IT resources so they could focus on successful and timely completion of fewer projects.

The newly appointed head of program management established new business-IT interface roles to help develop and vet project business cases. The PMO introduced and "policed" a more consistent approach to those business cases, and all business cases now had to demonstrate how their respective projects would contribute to specific business objectives via the use of a "strategy map."

Alongside the consolidation of all IT projects into a single portfolio, MediaPLC introduced a project classification matrix. Based on the main objectives of the investment, projects were classified into the following categories:

- Compliance
- Cost reduction
- Revenue generation
- Refresh (largely infrastructure)

The better working relationship meant the IT organization could respond more quickly to changing business priorities despite the reduction in resources.

Use of the matrix allowed board discussions to move away from discussing the performance and issues of individual projects to determining how the pattern of investment was serving the organization. This examination revealed that there were very few revenue-generating or innovative projects underway. While this was appropriate for the newsprint businesses, it prevented investment in online media where competition was increasingly fierce. As a result, the board gave priority to exploring options that could create new online revenue streams.

Overall the business-IT relationship improved significantly as IT became more closely integrated with business development and project failures were reduced. The better working relationship meant the IT organization could respond more quickly to changing business priorities despite the reduction in resources.

Case Study 2: PharmaPLC

Our second case study shows how ITPPM can improve the business-IT relationship, but also how that relationship can deteriorate if conditions change.

PharmaPLC is one of the largest pharmaceutical companies in the world, and like its competitors, it faces increased regulation, escalating costs of drug development, and less certain returns. Our case study considered the R&D division, where the strategy focused on lowering research costs through standardization of processes while reducing time to market and risks in product development.

Achieving this strategy required a major restructuring across all research activities, including IT. Previously IT costs had been allowed to increase to meet user demands for new projects, and priorities were determined locally within each research discipline. After 2008, the IT resources were centralized, with an associated budget reduction of over 20%. The intention was to use lower-cost external resources where possible and reduce staff numbers.

The lack of approval for operational projects caused considerable frustration and suspicion of game playing; there was a perception that projects were "attached" to strategic programs in order to obtain resources.

Along with revising the ITPPM approach, the company introduced health checks, or interim reviews, conducted jointly by IT and business managers to assess whether in-flight projects would still deliver sufficient business benefits to justify continuing. This focus on achievable benefits also reduced the portfolio risks — the cancellation of projects that were no longer worth pursuing enabled resources to be redeployed to more beneficial ones. Whilst the outcome of the health checks caused some distress for those whose projects were terminated, it ensured that shared accountability between IT and business colleagues was sustained during the entire lifetime of the remaining projects, resulting in a much closer working relationship.

Like MediaPLC, PharmaPLC also segmented its portfolio into different types of projects, namely:

- Compliance
- Infrastructure
- Operations
- Strategic

The company also included both current and future projects in the portfolio in order to allow visibility into future resource demand, thereby reducing surprises and conflicts. If a project was labeled "strategic," it meant that it was integral to a business strategic change program that had resulted from the reorganization. Such programs took priority for resources and could last up to three years.

Initially there were only three strategic change programs, but as more were initiated, the number of so-called strategic projects grew dramatically and reduced the resources available for operational projects. The lack of approval for operational projects caused considerable frustration and suspicion of game playing; there was a perception that projects were "attached" to strategic programs in order to obtain resources. The resulting conflicts between the programs and other demands led to unsatisfactory compromises on project schedules, and many business managers came to consider IT a constraint to business development.

In the end, the beneficial effect of ITPPM was significantly reduced, and the relationship between IT management and many business colleagues became increasingly strained.

Case Study 3: FinancePLC

Our final case study illustrates how, if not implemented appropriately, ITPPM can damage the relationship between IT and business colleagues.

FinancePLC is a medium-sized financial services company specializing in personal insurance, pensions, investments, and property insurance in the UK and internationally. It is investing heavily in new customer relationship and channel management processes and systems to protect its customer base and creating new online channels to gain new customers. Whilst the organization had a business strategy, it was phrased in such broad terms that almost any project argued to be "strategic." Few projects were rejected due to weak business cases, resulting in a lack of confidence in some projects that were underway and a backlog of approved projects, making both business and IT staff feel under impossible pressure to meet management's expectations.

Unlike the other two companies, FinancePLC's ITPPM effort did not use any form of project categorization. It included all types of projects in the portfolio, not just IT projects, so that the use of resources and impact on the business of all types of projects could be consistently assessed.

An initial review proved that the organization was undertaking more projects than it could cope with, mainly due to the acceptance of weak business cases. It introduced a new, more demanding business case template and subjected all projects to scrutiny by the PMO and a newly formed governance group. However, the lack of precision in the business strategy meant that it was still difficult to set priorities, and the lack of strong strategic guidance left some business managers suspecting that priorities were still set by IT, based on supply-side criteria.

Given the volume of projects, the PMO and governance board were overwhelmed with business cases, and

projects were delayed in the approval process. The financial threshold for review was raised significantly, so most "small" projects could be approved locally; consequently, some large projects were split into smaller projects to avoid the need to be approved centrally.

After a while, few projects were put in front of the board, which meant that, in practice, less than 50% of the IT resource demand was being centrally scrutinized. As a result, when new large projects came forward, it was difficult to find sufficient available resources to meet the required timescales. In response to this problem, the approval threshold was reduced, even though (as expected) business managers objected strongly that IT was removing their discretion to approve smaller projects and questioned the value of the whole process, describing it as unhelpful, costly, and bureaucratic.

LESSONS FROM THE CASE STUDIES: HOW ITPPM CAN IMPROVE THE BUSINESS-IT RELATIONSHIP

These case studies suggest a number of ways in which ITPPM can improve the relationship between IT and business colleagues, as well as a number of factors that need to in place for those improvements to be realized. The cases also provide evidence of how and why ITPPM, when badly implemented, can damage that relationship.

1. **A clear organizational strategy** is required, and investment approval should require an explicit demonstration of a project's contribution to the strategy. A clear linkage to the business strategy means that as the strategy is adapted to meet changing business conditions and priorities, the selection and prioritization of projects can be adapted accordingly, ensuring ITPPM is a "dynamic activity."

   Without such a strategy, a rigorous and consistent approach to evaluating business cases for different types of projects is difficult, and project approvals are not made on an objective basis. All projects tend to be equally "valued," and it is very hard to stop underperforming projects, which then leads to accusations of inequitable treatment and conflicts across the business and with IT.

2. **Setting priorities is a business responsibility,** which requires investments to be assessed consistently, based on the business benefits and risks as well as the IT costs and resource implications. The business managers then share the responsibility with IT for the successful delivery of maximum benefits from the project portfolio. If it is not possible to agree on project priorities according to their business contribution, prioritization inevitably has to focus on cost and resource allocation.

   If, for whatever reason, IT is thought to be setting priorities and selecting the projects (or actually is), business managers can abdicate their responsibility for the delivery of the projects, leaving IT effectively accountable for both technology implementation and the business benefits achieved. However, in the absence of expressed business priorities, IT will have to make decisions on how best to use its resources, even though this is likely to cause distrust and have negative effects on the business-IT relationship.

3. **Visibility and transparency of the whole project portfolio** and how resources are being used enable both the business and IT to understand the contribution IT is making to business performance. This increases the trust business managers have in how investment and priority decisions are made and reassures them that others are not "cheating the system" to get their projects done. It also encourages senior management to consider the relevance and value of the overall pattern of investment rather than waste time inquiring into each and every project.

   If only some projects are included in the portfolio, or some have special status that exempts them from consideration — such as executives' pet projects, components of "strategic programs," or unchallengeable IT "must-do" projects — portfolio management quickly falls into disrepute. When only some of the available IT resources are visible in the portfolio, it creates confusion and leads to distrust of the project approval process.

4. **Adoption and use of a project or investment categorization scheme** can increase buy-in to the process by providing a powerful visual picture of the full set of projects and their different contributions. It can also help business management identify the business risks of under- or overinvestment in certain types of projects.

   If the types of projects are not differentiated, it is difficult for the executive or project approval boards to understand how new investments will affect the risk/reward ratio of the portfolio and whether any new project should take priority over a current or planned project. This often leads to disagreement about the best use of available IT resources.

5. **Consistent treatment of *all* projects** is important so that both IT and business staff can see that all projects are treated in a fair and transparent way. Robust and effective project management and business case

development processes are a prerequisite for effective ITPPM. Rigor in business case development saves time spent on developing poor cases and helps to ensure that low-value projects do not get started. Project management processes should establish ongoing reporting through the life of the project; this includes tracking the realization of the expected benefits. Cancelling underperforming projects and reallocating resources not only frees up resources for other projects, it encourages better initial business cases and commitment by both IT and business staff to the projects' successful completion.

Inconsistently applied rules based on project cost or type will encourage game playing and hiding projects from scrutiny, as well as confusing the resource allocation process. When major programs have first call on IT resources over long periods, it can frustrate business managers who cannot get approval for shorter-term, high-benefit projects. Business managers may begin to hide projects by ensuring they are smaller than the threshold at which projects need to be included in the ITPPM process — and/or seek external IT provision.

6. **Business managers and staff need to see benefits from the ITPPM process** or they will view it as increased IT bureaucracy or even completely unnecessary and will challenge the need for the costs and staff involved. In this case, ITPPM is likely to damage the relationship between IT and the business rather than improve it.

CONCLUSION

Our case studies show that ITPPM can improve the relationship between IT and business colleagues and improve the outcome of projects. ITPPM's key benefit is its ability to reduce the IT-centric nature of many approval and priority decisions. When supported by a clear business strategy, ITPPM can shift the emphasis to the alignment of projects with business priorities. A continued emphasis on strategic alignment, such as the benefit-oriented project health checks introduced by PharmaPLC, ensures that business colleagues remain involved and accountable for the success of IT projects.

As an organization becomes proficient in adapting its IT priorities to reflect changes to the business strategy, ITPPM can become a valuable dynamic capability that will allow the organization to respond rapidly to turbulent business conditions.

ENDNOTES

[1]Ward, John M., and Joe Peppard. "Reconciling the IT/Business Relationship: A Troubled Marriage in Need of Guidance." *Journal of Strategic Information Systems*, Vol. 5, No. 1, March 1996.

[2]See, for example: Nelson, R. Ryan. "IT Project Management: Infamous Failures, Classic Mistakes, and Best Practices." *MIS Quarterly Executive*, Vol. 6, No. 2, 2007; and McAfee, Andrew. "When Too Much IT Knowledge Is a Dangerous Thing." *MIT Sloan Management Review*, Winter 2003.

[3]Adapted from: UK Office of Government Commerce. *Managing Portfolios of Change*. The Stationery Office, 2007.

[4]Ward John M., and Elizabeth M. Daniel. *Benefits Management: How to Increase the Business Value of Your IT Projects*. Wiley, 2012.

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Trust-Building Success and Failure: Two Case Studies

by Pollyanna Pixton

Two *Fortune* 100 companies are struggling to compete in this fast-paced world. Does this sound familiar? Both companies were lumbering along in blind arrogance when their world changed. Why such blindness? They both held the majority share of their respective markets and were resting on their laurels — and soon the competition came nipping at their heels. Of course, they continued to lumber. "We know what customers want" was the constant refrain. "Of course, we *could* be more nimble, but we just can't get IT to deliver."

What was IT's response? "The business has no idea what customers want. We'll take it upon ourselves to show them what makes our customers happy." The results? No one gets what they want, especially the customers.

The barriers between business and IT are long-standing. Historically, the business would ask IT to deliver on their requests. IT felt the requests were misguided or wrong. So IT built what they wanted to build. Of course, the response from the business was, "That's not what we wanted! We can't sell that!" However, it doesn't stop there. IT began gold-plating some features, adding features they thought customers would want (or things that IT really wanted to build) and not building other things. Timelines increased, costs skyrocketed, and, under pressure to get something done, IT delivered a poor-quality product. Customers were not happy. Neither was the business. No wonder the business and IT don't trust each other. Furthermore, this culture of mistrust leads to low productivity.

How can we get past this? It's not easy. We need clearly defined roles between the business and IT. The business should own the "what" and the "why," and IT should own the "how." Leaders must hold each group accountable for their roles and not let either group assume any of the other group's responsibilities. Finally, leaders must not take away ownership from either group.

THE TRUST-OWNERSHIP MODEL

At first glance, this looks like a communication problem, but it is really a collaboration problem. The customer view (the what and the why) is often not stated in business value terms with the IT team. Many times the business just gives IT the solution without explaining why it is of value to customers. And many times the IT people are not getting direct feedback on what delights the customers.

Meaningful collaboration rests on a foundation of trust where each team can take ownership of their responsibilities: the why, the what, and the how. The Trust-Ownership Model (see Figure 1) explains the states in which teams and leaders can exist in at any time. It is clear where everyone wants to be: Energy and Innovation.

Let's look at this from the business point of view. They tell IT what to build, and they get something else, or they get it too late, or it is of low quality. In all three cases, their customers are not happy. The business trusted IT, and IT failed to deliver. So they started telling IT how to solve the problem in hopes of getting what they wanted. At this point, the business has moved to the Command and Control quadrant. IT is either still in conflict with the business or they have given up and just do what they are told. Both the Command and Control and Conflict states limit productivity and revenues — sometimes as much as a 50% reduction.[1]

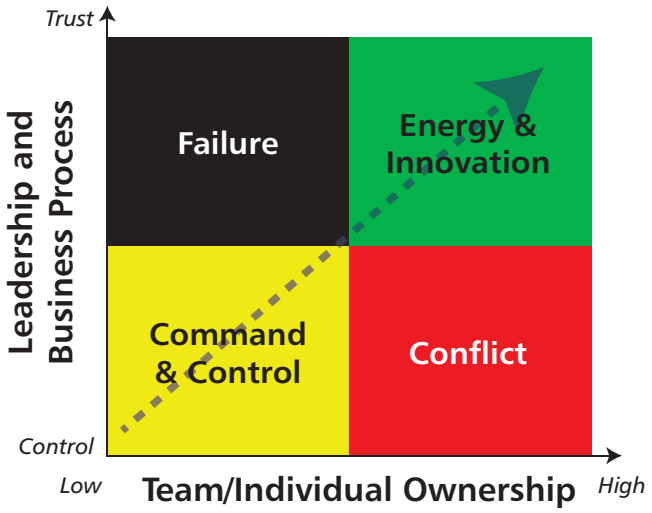

Figure 1 — The Trust-Ownership Model.

From the IT point of view, the business people kept changing their minds, continually asking for changes, adding features but not moving the end date, and forcing IT to deliver something customers don't like.

Each group needs clearly defined roles, continuous feedback on progress, and ongoing customer input. Sharing of feedback needs to happen directly (rather than through some communication broker), and collaboration is required to make sure the business understands the IT solution and IT understands the customer needs.

BUILDING TRUST TOGETHER

How can the business and IT build trust? You cannot force people to trust each other. Each group must build trust together.

Begin to think as a whole team — not "IT" and "the business," but one team. Then build a common purpose together. Based on their research, the business shares with the IT members of the team what the customer needs are, why this will provide value to the company and its customers, who the competition is, and how results will be measured. Together IT and the business discuss these customer needs. The whole team agrees on what will gain market share (the differentiator) and what will hold market share (parity). Parity features should be no better than the competition. Differentiators must be better than the competition — how *much* better is determined by the value to the customers and to the business. IT now knows what needs to be built and why.

Together, the business and IT vote on business value, grouped in terms of high, medium, and low priority. If there is a big discrepancy in determining the value, the whole team discusses it until they reach a consensus. It is now up to the IT group to deliver in chunks of business value — first the high-priority items, then the medium-priority ones, and finally — if still needed — those of low value. As IT builds each chunk, they demonstrate the completed work to both the business and potential customers in order to get direct feedback and course corrections.

It's vital that the two groups not impede each other's progress. The business has to refrain from telling IT how to do their job, and IT must not just "think" they know what the customers and the business want and why. Both groups must collaborate to deliver on a common goal: delighting their customers. They can't do it without each other.

ENCOURAGING OWNERSHIP

When a team member comes into the leader's office and says, "I can't solve this problem," and the leader replies, "Have you tried _____?" the leader has now given the team member the answer. Who has ownership now? The leader. If the team member can't make the leader-provided solution work, she keeps going, thinking she is doing something wrong. After all, the leader said it would work!

The business can do the same to IT. When IT wants solutions, the business and the leaders must not provide an answer. Instead, ask questions. My favorite is, "How do you want to solve that?" My business partner, Neil Nickolaisen, always asks, "What do you want me to do?" Other questions might be:

- What options have you tried?
- Why did you go down this pathway?
- Have you discussed this with your fellow team members? What do they say?

Recent research by Dacher Keltner and Cameron Anderson of the University of California, Berkeley, and Deborah Gruenfeld of Stanford University[2] suggests that as people gain power, they tend to make decisions in less rigorous ways. They base their decisions on less information. Often, teams that have been operating without ownership have a difficult time taking ownership. They have been beaten down badly by command-and-control leaders. Every time they did something new or tried something innovative, they were viciously corrected. Over time, teams give up and just do the bare minimum to get by.

At first, people will not believe they really have ownership, and they will test you. I had one person ask me three times how I wanted him to build his feature. I refrained from answering him and instead replied, "We hired you for your experience and your ability to solve problems just like this. Give it your best shot." His implemented feature was of the highest quality. He took ownership.

DELIVERING VALUE WITH AGILE METHODS

Keep in mind that trust alone is not enough, nor is ownership. What matters is the combination of a culture of trust and a passion for delivering the right results. Teams using Agile methods deliver small chunks of business value to customers and get feedback on what the customers like and don't like. In all the courses and

talks I deliver, when I ask the question, "Do you know the business value of what you are working on? To your customers *and* to your business?" the answers are discouraging. Very few hands go up. In a room of 60, it might be one or two. How can people know what is the best product and the best solution if they don't understand the delivered value?

Agile processes center around learning and incorporating that learning into the definition of a product that will delight customers and a solution that provides value to the business. At the delivery of a chunk of high business value, the customers provide feedback, and progress is shown in a visual display. As the business sees progress on the high-value features, they will begin to trust IT to deliver. With feedback from customers on features, IT begins to understand that the business does seem to have a reasonable idea of what customers want after all.

TRUST BUILDING WITH AGILE: TWO CASE STUDIES

And what about our two *Fortune* 100 companies, both struggling to delight their customers, and both with a huge lack of trust between IT and the business? One company (Company A) managed to build trust between IT and the business and is seeing a 50% reduction in defects going into the field in just three months. The other company (Company B) has not seen any improvement in customer satisfaction in two years. What happened?

Both companies hired a leader with experience from outside their organization to lead the transformation to agility. Both had suffered from lack of customer feedback, lack of trust between IT and the business, and lack of collaboration. Each company had IT teams that had been beaten down and not allowed to take ownership.

Company A: Doing Agile Right

When Agile training started in Company A, the business sent their product managers to the classes with the IT members of the team. They studied the Trust-Ownership Model and understood the need for a culture of trust. But how could they make the change? First, the business learned how to clearly state the business and customer needs. They used the 10 questions from Marty Cagan's book *Inspired: How to Create Products Customers Love*:[3]

1. Exactly what problem will this solve? (value proposition)
2. For whom are we solving this problem? (target market)
3. How big is the opportunity? (market size)
4. How will we measure success? (metrics/ revenue strategy)
5. What alternatives are out there now? (competitive landscape)
6. Why are we best suited to pursue this? (our differentiator)
7. Why now? (market window)
8. How will we get this product to market? (go-to-market strategy)
9. What factors are critical to success? (solution requirements)
10. Given the above, what's the recommendation? (go or no go)

It was not easy. It took Company A several iterations before they figured out what constituted enough detail in the business case without providing the solution. The business refrained from telling IT how to solve the problem, and they listened to IT's ideas and suggestions, bringing them to the customers and getting customer feedback.

Above all, the business saw it as a whole team effort — and IT responded. The business understood the need for sufficient testing, and they provided the room for IT to develop adequate tests and accepted the required testing time.

With real feedback from the customers, IT realized that the business really did have an idea of what would make customers happy. Plus, they got to show that they could actually deliver value to customers.

Then an interesting collaboration developed around the changing customer needs and how, as a whole team, these might be addressed. This collaboration also included discussions about how much value could be generated in a chunk and if, at the current rate, the team could deliver in time to keep customers happy.

The team began to demonstrate working software solutions to customers so the business could *see* IT delivering features the customers wanted. A mutual respect for the capabilities of the business and the capabilities of IT began to emerge. The whole team began to feel they could, together, find a product that would delight their customers and in a market window that would keep the competition at bay. That's collaboration.

Company B: Doing Agile Not So Right

Company B did not fare as well. While languishing in a large company that owned the market, they tried to

bypass the innovator's dilemma with a product that they "knew" everyone would want. Without asking IT what they could deliver, the business shopped the product around. With the interest of one possible customer, the hook was set. However, the market window opened early and closed quickly. IT had to deliver results.

Agile could enable IT to implement features for review, but IT needed the business to help. However, the business could not find time even to attend Agile training, let alone give IT an explanation of customer needs. They asked for an already compressed two-day course to be delivered in five hours, including a working lunch.

Their attitude was, "We know what to build. We will tell IT, and they will deliver it." However, their vision was not clear. Wondering what the new product did, I once asked a product manager about it. Her response was, "It does everything!" I thought for a moment and replied, "It solves world hunger?" The vision was vast. And it changed every week.

IT dug in and refused to build anything unless they had a list of features, prioritized by business value. There were many meetings, many lasting several days, where the business tried to explain their vision, but the conversation was markedly one-sided. When the business began to diagram the workflow solution, input was not allowed from IT. Likewise, when it came to assessing the costs of building the specified solution (the value to the business), the business ignored input from IT. Their belief was that internal IT could not possibly deliver what they "knew" customers wanted.

Finally, they gave IT some requirements without providing the big picture. IT delivered in chunks to meet the one customer's needs as best they could. However, the business provided no feedback from the customer, and the feature list for going forward exploded. Late in the process came the major requirement that the system had to scale — a large scale. This late-breaking system insight required immense rework, pushing the delivery date beyond the market window. The product was put on hold under major leadership changes.

The delivery to the one customer was bootstrapped and was continually upgraded and corrected at a large expense to Company B. Under a change of leadership from the top down, the product died. However, the company would not give up. One year later, the business tried again. With the same lack of trust in IT, the business struggled to find any next-generation product. After five years and major leadership changes, the lack of trust between IT and the business goes on, and there's still no growth product for the company.

CONCLUSION

IT and the business have plenty of reasons not to trust each other. Without this trust, though, companies will be operating at 50% productivity or less. Facing rapidly changing market competition, today's companies must do more with less. If they don't create a culture of trust between IT and the business, companies run the risk of delivering lackluster products that disappoint customers — if they even manage to deliver them in time. Keeping customers happy is the key. The business and IT must collaborate to create products customers love. It is a collaboration that optimally functions on trust, where each group is interested in the success of the company.

ENDNOTES

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An international collaborative leadership expert, Pollyanna Pixton developed models for collaboration and collaborative leadership through her over 40 years of working inside and consulting with corporations and organizations. She helps companies create workplaces where talent and innovation are unleashed — making them more productive, efficient, and profitable. Ms. Pixton is a founding partner of Accelinnova, a consulting firm for leaders transforming their organizations. She speaks and writes on creating cultures of trust, leading collaboration, and enabling business agility. Her models are found in the books she coauthored, The Agile Culture: Leading Though Trust and Ownership *and* Stand Back and Deliver: Accelerating Business Agility.

Ms. Pixton was primarily responsible for building the Swiss Electronic Stock Exchange, developing sophisticated control systems for electrical power plants throughout the world, and converting complex technologies and data systems to merge large financial institutions. Her background includes leading the development of e-commerce projects, real-time applications, positioning systems, and original computational research. In 2004, she was selected as one of 30 Visionary Women to Watch, a program that recognizes women who bring new insight to their fields, and in 2010 she was named one of 30 Women to Watch by Utah Business*. Ms. Pixton is a sought-after keynote speaker and lecturer at universities in the areas of business ethics, organizational development, and collaborative leadership.*

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Strangers on a Train: The Rise of the Uneasy, But Mutually Advantageous, Alliance Between IT and Marketing

by Dan Gordon

The soul of the Hitchcock masterpiece *Strangers on a Train* is its central plot conceit: two strangers meet on a train and realize they can "solve a problem" for one another. In the film, each man has a relative he wants (at least in the abstract) to murder. If each man murders the other man's "problem," there would be two perfect crimes … and two problems solved.

Marketing and IT are like those eponymous strangers, Guy Haines and Bruno Anthony. Each finds itself today with a problem that the other can potentially solve. Can they trust one another enough to bring it off?

For IT, as for Bangladesh or the island nation of Vanuatu, the problem is incipient loss of territory. Like those unfortunate nations threatened by rising oceans in a warming earth, IT can now see clearly that its turf — the servers and storage and network equipment and desktops whose ownership has cemented its power over all the business units within the enterprise — is going to be swept away by the cloud. It won't happen in 2015; it may not even happen by 2017, but it is clear to all that it will surely happen. As Winston Churchill said about another matter, "Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning."

Marketing has the complementary problem: not a loss of territory but rather a new continent of opportunity that it lacks the resources to exploit. Marketers have an unparalleled opportunity to use technology in pursuit of getting, keeping, and growing a customer base. Using these new superpowers, however, requires skills that marketing does not have: application development, management of technology infrastructure, and data science, to name just a few. Marketing departments today backfill with consultants, agency digital staffs, and their own scattershot IT hires, but these are Band-Aids. Marketing needs to become the owner of a new IT resource.

How convenient. As in the Hitchcock movie, IT and marketing could potentially solve one another's problems. If marketing could just tap the pool of tech talent right next door to it in IT, a pool that may soon be twiddling its thumbs, it could bridge the skills gap. And if IT could rescue itself from inundation by managing the cloud assets of marketing, it could maintain a "territory" that would afford it continuing impact.

Unfortunately, it's not so simple. At the most superficial level, a collaboration raises the question of *who will report to whom*. More deeply, the problem lies with skill sets and attitudes. The kinds of use cases that marketing-focused IT would need to support involve agility, iterative collaboration, rapid reconfiguration of experiments, and dynamic integration with outside applications, services, and data sources. These are hardly capabilities that modern marketing departments would associate with their inhouse IT staffs. In order to work together, both sides will have to adapt.

WHO SHOULD REPORT TO WHOM?

Even if the CMO's tech budget should exceed the CIO's by 2017, as one analyst has suggested,[1] and even if the trade press has run articles throughout 2014 with titles like "The 10 Biggest CIO-CMO Relationship Hurdles,"[2] "CIO-CMO Marriage Strained, But Can be Saved,"[3] and so forth, few would suggest outright that the CIO should report to the CMO. But executives are deeply unsure about what the relationship should be and who should own what.

One answer is a technology executive who embodies a dotted-line relationship between marketing and IT. A 2013 survey found that 87% of respondents would be hiring a "chief marketing technologist" (CMT) within two years, and there is little doubt about where such an exec would report: 66% of respondents said that their CMTs would report to the CMO, not the CIO.[4]

An Accenture survey from mid-2014 showed a confusion of opinions. On the one hand, only a minority of the CIO and CMO respondents acknowledged a need for "alignment" between the two groups. The leading pro-alignment statement — that "Marketing is more

about digital now, which requires more technology" — got agreement from 30% of CMOs and 31% of CIOs. These figures are up from 21% and 29%, respectively, in 2012, but they still represent minority views.[5]

The survey did not ask which department should take charge of marketing-oriented technology capabilities, but 52% of CMOs in the survey ranked "marketing IT" (by which, presumably, they mean their own IT resources) at or near the top of their priorities. It would seem that CIOs are more anxious for collaboration, since 68% of them "agree" or "strongly agree" that "IT is a strategic partner for marketing" versus 54% for CMOs.[6]

Finally, Table 1 excerpts some comments from the survey that show vividly the specific ways in which the two functions do not trust one another. Comparisons with a 2012 survey (shown in parentheses) indicate a worsening picture.[7]

The bottom line? Marketing changes their requirements too often. IT can't keep up.

TYPICAL MARKETING TECHNOLOGY USE CASES

Going into detail on a few key use cases for IT in marketing today may shed some light on the disconnect between the two functions.

Technology-Enabled Audiences

Perhaps the most important technology-driven change in marketing is the transition from media- and message-based marketing to audience- and conversation-based marketing.

Marketing 20th-century style revolved around researching which messages would get favorable responses from which audiences through which media. Audiences were generally understood demographically (e.g., "18- to 24-year-old males"), but since these audiences were only reachable via a finite set of media — TV, print, outdoor, radio, etc. — the question of finding a particular audience boiled down to finding which media outlet had sufficiently high concentrations of that demographic to be worth transmitting the message.

This traditional marketing therefore interposed two levels of indirection between the marketer and the audience: the demographic as a proxy for the "true" audience, and the media mix as a proxy for the demographic.

If the audience you are pursuing is "individuals who may buy a BMW in the next 180 days," demographically defined audiences inevitably involve wastage. It may well be that 12% of high-income, male 25- to 45-year-olds could buy a luxury car in the next 180 days, but then advertising sent to this demographic is 88% wasted. Plus, even if 70% of potential BMW buyers are male (an outlandish assumption in any case), marketing to this demographic misses the 30% who are female. Media then introduces a further level of wastage, in the sense that no media audience is 100% one demographic or another.

While 21st-century audiences are still found via traditional media, what's new is the availability of audiences in digital media (online, but also mobile and social). Two crucial aspects of digital media are interactivity

Table 1 — CMO and CIO Perspectives on Collaboration (Source: Hartman et al.)

	CMO	CIO
The technology development process is too slow and not aligned to the speed of digital marketing.	43% (36%)	
Marketing requirements and priorities change too often for us to keep up.		43% (40%)
I don't feel I have control of the technology choices made by my IT counterparts.	42% (32%)	
My IT team does not understand the urgency with which I need to integrate new sources of data to address market conditions.	40% (34%)	
I would prefer to buy technology as a service and not rely as much on my IT team.	38% (32%)	
The complexity of handling channel-specific experiences precludes us from providing one platform to manage cross-channel experiences.		45% (42%)

and measurability. Both are important for audience development, but the ability to record the interactions of each member of the audience online (and, increasingly, offline) allows a new kind of audience to be defined, what we might call a synthetic audience.

A synthetic audience is defined partially by its demographics, but also by its digital history — its so-called digital exhaust."Today it's possible to combine registration information, third-party data, and browsing/search history to create a group of, say, "mobile phone owners who intend to buy a family van." The much reduced wastage of messaging to such an audience would warm the heart of any 20th-century marketer.

What is within sight for today's marketing organization is end-to-end automatic digital marketing to synthetic audiences. So-called programmatic trading in advertising impressions is already a reality. Within a 100-msec window, advertisers can bid on the right to deliver particular pages to audiences whose details can be assembled from third-party data into a pretty specific picture. Putting together the facts that the ad recipient lives in an affluent ZIP code, has visited automobile websites repeatedly during the previous 10 days, and owns a luxury car that is more than three years old will increase the bid that an auto advertiser will place on the right to serve an ad to this consumer on the front page of a premium news site.

Attribution

Unfortunately, synthetic audiences are still quite small by mass-marketing standards and therefore not amenable to existing media models or creative approaches. Creating new media models or, more precisely, solving the problem of *attribution* for smaller synthetic audiences is a second use case for marketing technology.

Attribution — analyzing which ads produce which results with which prospects — is an area long dominated by statistical "media mix" models of questionable validity or accuracy. By running multiple regression tests over lots of campaigns over time, marketers have built up models that show which demographics respond to which media. Despite vocal and intelligent skeptics, these media-mix models rule the roost today in advertising.

However, if the exact maneuvers that led to a sale can be recorded for each customer (along with the ones that did not), and the mass of this digital exhaust can be examined statistically, it may be possible to solve the attribution problem on at least the various digital advertising media channels without models — using big data, interactivity, and the ability to track prospects across channels. And this solution, which is within reach for direct-response advertising, may well be jiggered to work for "brand" or "awareness" advertising as well.

Real-Time Conversations

Once synthetic audience members are identified and marketers have made contact with them, engagement becomes central. New audiences are bombarded with widecast messages of all sorts and have trained themselves to tune them out. Engagement beyond an initial impression requires *conversations* and *experiences*.

Conversations are labor-intensive, but technology has supported them at lower and lower transaction price points over time. This makes some kinds of conversational involvement possible even at micropayment scales.

One key here is simple management of real-time media and conversations. Demand-side platforms (DSPs) and trading desks from the likes of AppNexus or VivaKi allow marketers to juggle a large number of campaigns across a large number of media channels. Social media management technologies like Buddy Media, Adapt.ly, or Rallyverse are equivalent management tools for social media engagement. In both areas, these tools do little but roll up the low-level processes and present them in an application designed for larger-scale decision making and reporting, but in many cases that is enough to amplify the work of an employee in marketing and to deskill the work as well.

What these simple management consoles are beginning to do is to divide the work of marketing online between humans and machines, making the human role increasingly one of selecting a stereotyped automatic response or a sequence of them (such as pushing an FAQ and a special email offer to a customer who is having a hard time getting started with a product) and then leaving the details of the execution to the software.

At the extreme end of this process is a future of total automation of interaction in large areas of the customer experience. Whether these interactions will pass the Turing test or (like interactive voice response queues today) fail it miserably is somewhat beside the point. Marketing will be able to tune the level of automation to an acceptable level of customer satisfaction.

IT REQUIREMENTS FOR NEW MARKETING APPLICATIONS

What all these use cases — and others — have in common is a need for agility, and that is the central question marketing has about IT, which has long prized stability

over agility. For years, IT has responded like "Dr. No" to requests from marketing for tech enablement: "Too risky"; "Too hard to implement"; "Not invented here"; or "You want it when?" Marketing doesn't think of inhouse IT as a nimble ally that can stand up vital capabilities quickly. Marketing has looked, more and more, to third parties for its IT needs, starting as far back as salesforce.com.

IT, of course, has no great love for marketing either. It looks on this group as a bunch of technical nincompoops who will only cause support headaches with any delicate tools they are given. Better to give marketing only the rudest and most unbreakable of tools: hard to use, perhaps, but hard to destroy or misuse as well.

In addition, IT asks itself: why become the quiet handmaiden of marketing when it can make a bid to control the whole cloud infrastructure as it has controlled the physical one? Working along these lines, a respectable number of enterprise IT departments are attempting to build new turf via services architectures within the enterprise, with plans to extend them to the external cloud as those workloads develop. These efforts, the thinking goes, will enable IT to keep control of IaaS.

This misses the point, and the point goes far beyond marketing and marketing technology. For every business function, the hallmark of tomorrow's enterprise IT will be "simple/simple/simple": simple to buy, simple to deploy, simple to operate. Inhouse IT departments — as well as classic consultant/systems integrator service providers — do not understand simple/simple/simple, and thus often do not understand how to provide it. A new cloud infrastructure will only work for enterprises if the business users, including marketing, build new applications on it. Granted, this is a big "if" — in pursuit of simple/simple/simple, marketing has inclined strongly toward third-party SaaS-ish applications rather than more of the same from IT.

But the opportunity is there. And organizations that can develop a working alliance between marketing and IT stand to reap an unfair competitive advantage from their ability to do so.

ENDNOTES

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[7]Hartman et al. (see 5).

Dan Gordon, a Technology Partner at Valhalla Partners since 2004, has over 30 years of experience working with technology as a computer scientist, software developer, manager, analyst, and entrepreneur. Prior to joining Valhalla Partners, Mr. Gordon was a Director and senior staff member at the PricewaterhouseCoopers (PwC) Global Technology Centre, analyzing technology trends and consulting on technology-oriented strategies in the software, e-business, wireless, optical, networking, semiconductor IP, and life sciences arenas. He worked with clients from North America, Europe, the Middle East, and Australia. Mr. Gordon was a Contributing Writer and Contributing Editor to the Technology Centre's annual Technology Forecast *and a frequent speaker at industry and general business meetings. Before PwC, Mr. Gordon spent 20 years in Silicon Valley as a software technologist, manager, director, and entrepreneur, including senior technical roles at well-known Silicon Valley firms like Symantec, Intuit, and Oracle. He has also been involved in startup companies in the applied artificial intelligence and Web application fields.*

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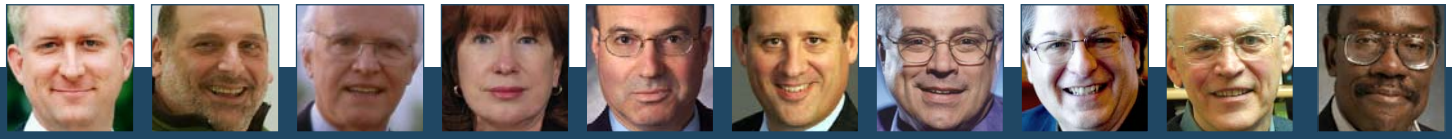

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