

Transforming the IT workforce

By Stephen D. Page and Susan R. Pearson

Successful companies are creating high-performance IT organizations in part by changing what people do. And they are not only seeing compelling short-term results. These companies also are laying the groundwork for long-term success by creating IT organizations that are inherently agile—learning, growing and changing as the business evolves.





■ It's a tough time to be a CIO. Management is demanding bold, sustainable change from the IT organization: reducing costs by 30 percent, for example, or cutting unplanned downtime in half. Although many leaders are meeting the challenge, these kinds of results do not come easily.

The requisite scale of change—a complete re-creation of IT capabilities—can accurately be described as “transformation.” And that demands courage and skill. To transform IT capabilities, leaders are not just looking at familiar technology issues (consolidating servers, simplifying architectures, removing duplication); they also are focusing more intensely on their people: who they are, where they are, what skills they have, and how different groups can be brought together and synchronized for the greatest overall benefit.

Indeed, at the heart of successful IT transformation is the recognition that IT is not just a technology business but also a people business—and a complex one. As the CIO of a major global company told us recently, “Fixing the technology is hard, but changing what 2,000 IT employees do is terrifying.”

Vision and scope

Successful companies are creating high-performance IT organizations in part by changing what people do—helping them perform the right processes more efficiently and effectively; supporting and sustaining them with the right organizational structure, leadership, and the necessary knowledge and resources; and managing skills and capabilities efficiently and cost-effectively across organizational barriers. These companies are not only seeing compelling short-term results; they also are

laying the groundwork for long-term success by creating IT organizations that are inherently agile—learning, growing and changing as the business evolves.

Change initiatives at many IT organizations stumble because of an incomplete vision and a limited scope. Some organizations “talk the talk” about workforce change, but when one looks more closely at where management is focused, it becomes clear that most IT investments are in technology consolidation or deployment. Other programs often turn out to be little more than a one-off realignment of IT capabilities, with a scope that cannot sustain major change.

Other companies make the mistake of assuming that transforming workforce performance is only about skills and training. Perhaps their executives are focusing on concepts like “IT academies” or “skills accreditation”—yet somehow the culture, behaviors and processes in the IT organization remain fundamentally unchanged.

Transforming the IT workforce is not just about developing skills—and especially not just technical skills. It's clear that training will be effective only as part of a more comprehensive program that addresses a number of factors, including process change; new tools and systems; structure; motivation through performance management and aligned reward systems; knowledge management; and the development of leadership talent.

The Accenture Workforce Performance Model (see box, page 70) indicates all the key drivers of individual, workforce and organizational performance. Improving the performance of any workforce requires, first, a critical appraisal of each

of the drivers in the context of the workforce's particular performance environment. Then, relevant programs or interventions can be designed to influence those drivers most effectively.

From the top

Successful change also requires effective leadership at the top, as well as strong leaders throughout the workforce who not only challenge people to develop their skills but also inspire them to do so. Developing leadership capability at all levels, as well as setting clearly defined performance objectives and the criteria for advancement, are all part of transforming the IT workforce.

But businesses that successfully transform their IT function typically go further. They extend leadership development beyond the "steady state" approach, which focuses primarily on control and management, to transformational leadership, which needs to be visionary and inspired.

Leadership is important for infusing the transformation with the necessary boldness and energy, always within the context of a clearly articulated vision. The ability to inspire and engage teams, to show consistency of purpose and to communicate the right messages at the right time are all essential leadership skills. IT leaders must have a thorough understanding of the business, ensuring that the IT investment is appropriately apportioned to those areas where it will produce maximum benefit.

Having established the vision, objectives and scope of the transformation, and with exceptional leadership in place, companies can then embark on a comprehensive program of workforce transforma-

tion, which will include the following key aspects.

Performance goals

Establish clear performance goals for the IT organization that are aligned with the company's overall business objectives; align individual goals and the behaviors necessary to reach them.

One of the common complaints companies have with their IT departments is that the function does not adequately support the organization's business goals. When this is the case, executives can't just "teach" their way out of the problem. Instead, they must begin by establishing rigorous, tangible performance measures and then work back to the behaviors needed to reach those metrics.

A realistic assessment of current performance, skills, capabilities and behaviors is, of course, essential, not only for establishing a baseline executives can use to track progress but also for determining where investments must be focused.

For example, at one communications company (see box, page 72), an assessment of business needs and IT performance led the CEO and CIO to set stretch goals in the areas of IT service stability, solution delivery and business value. The CEO realized that people can become complacent if goals are nebulous—"Increase customer orientation of IT staff!" By contrast, a precise, tangible goal—"Reduce number of failed changes by 50 percent through better teaming and quality of development"—will engage the staff's commitment and drive results.

Processes

Define the working processes that most effectively support the goals,

and adjust the organizational structure to make processes visible, measurable and manageable.

Executives may have the top people with the best skills, but if those people are doing the wrong things, the IT organization won't get very far. To attain the new performance goals, people must be supported by the processes most likely to lead to success—for them personally as well as for the business as a whole.

High-performance IT organizations across all industries share common process characteristics: Processes are clear; the link between process and performance goals is well understood; and the performance of the process is well measured and properly supported.

Sometimes a close look at the measures can raise warning flags immediately. Take, for example, a major European bank, where one manager was planning a party to celebrate the millionth call to the IT helpdesk. A nice gesture, right? Perceptive senior managers thought otherwise. One million unhappy users with one million technical problems, they felt, was not really something to be celebrated.

The trouble here was that key IT processes—including problem management, which detects root causes and reduces call volume—were unclear or missing. The company established clear accountability for the problem management process rather than for answering the phone a million times. The party was can-

celed, but the IT department became significantly more effective.

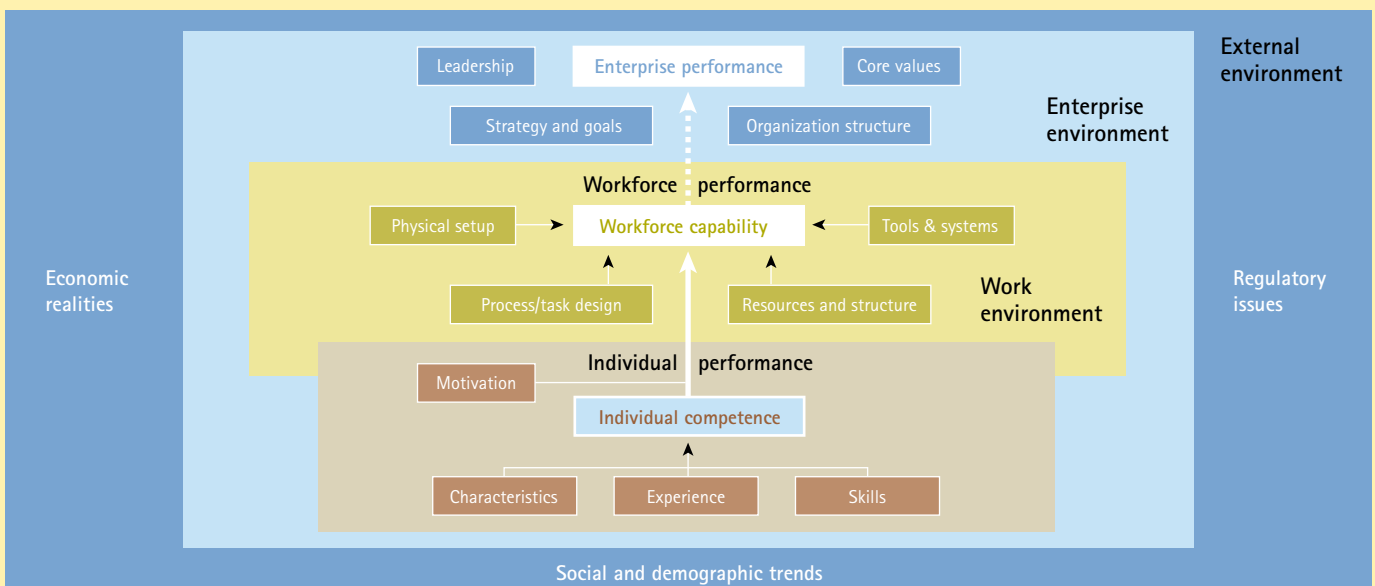
Or consider the successful IT transformation program at Orange, a leading wireless operator in the United Kingdom. After several years of spectacular market growth, the company's existing IT structures and processes were insufficient to handle the sheer volume of customers. Just fine-tuning a few things here and there was not going to create the change the company needed. To become an intensely focused customer-service operation, Orange had to transform its IT organization's strategy, structure, processes and culture.

The company's transformation program concentrated on delivering tangible improvements in organiza-

The Accenture Workforce Performance Model

To transform IT capabilities, leaders must focus on more than the familiar technology issues (see story). Successful companies are changing their IT organizations through sustained attention to the entire workforce performance environment, including leadership, core values, skills, competencies, structures and rewards. The result: helping people to perform the right

processes more efficiently and effectively, supported and sustained by the right organizational structures, leadership and enablement. The Accenture Workforce Performance Model sets out the many influences on workforce performance. True transformation of IT capabilities requires all these elements to be considered in an integrated way.



tional business performance with an emphasis on strengthening the relationship between the IT teams and the rest of the company. Then, with clear performance goals in mind, Orange invested in strengthening its IT processes, building the right mix of skills and supporting the new behaviors required for success. Orange now has a significantly stronger IT workforce, one that is ready for the future and also operates at a lower cost.

Skills and competencies

Identify the skills and competencies that will lead to the right behaviors and outcomes, and match the right skills, wherever they are located, to the tasks that need to be performed.

Now, with the focus of the organization on performance, behaviors and the right processes, it makes sense to look at the competencies and skills that will produce those behaviors. What do executives want from their people now, and how is that different from what they needed before? What behavioral characteristics, knowledge and skills are required?

Competency models are often seen as the answer. Yet although they're an important tool, too often they become theoretical documents instead of real blueprints for success. Organizations often find it difficult to complete such models at the needed level of detail, and then to maintain the models over time as the performance environment changes.

Skills and competencies, as well as process frameworks, need to be understood not only from within the IT organization but also from the perspective of those on the business side of the company. Developing such an understanding requires effective diagnostics, which can include face-to-

face interviews with employees and executives, skills assessments, broader surveys of the workforce, a core values measurement tool, process performance diagnostics and assessments of IT leadership.

This comprehensive analysis can then lead to a more detailed blueprint for the transformed organization. It will summarize desired competencies, behaviors and values, by role and responsibility; compare the desired state to the existing situation; and define a program of activity for areas where improvement can have the highest impact.

The analysis also can underpin the business case for change, as well as sourcing strategies: Where is the company "skill rich" and "skill poor"? What retraining or hiring must executives do to fill in gaps?

The most successful IT organizations are highly efficient at matching the right skills to the right work (and at the right price) and then managing processes across any structural barriers, such as sourcing, geographic distribution and supplier relationships. IT development projects include a mix of tasks that are highly repetitive, as well as tasks that are true "knowledge work." These latter tasks often are highly leveraged, so errors made during their performance can have a serious negative impact on overall productivity.

Here is how process redesign and competency modeling interacted to create a blueprint for success at Telenor, Norway's leading provider of telecommunications services. Company executives were looking to transform Telenor's function-based network system operation organization into one that was process-based. The initiative would mean

merging disparate systems operations into a single location and deploying new technologies.

Telenor began by identifying the organizational, process and behavioral changes needed to reduce costs and significantly improve the effectiveness of its system operation workforce. Then, to achieve these objectives, it created a new blueprint for the system operation organization, built around redesigned business processes. Telenor developed the new processes, determined the core competencies that would be required for each process, and then defined the new roles to support each competency. From that blueprint, the development team designed a new, tightly structured system operation organization.

To ensure that employees focused on core activities, Telenor created an organization in which each department within system operation had its own core competency; employees whose skills complemented those competencies were relocated to the appropriate departments. The result: Employees' skills and knowledge were put to use more effectively, and noncore activities were reduced. The team also described the personal qualities necessary for the new workforce: dynamic, flexible, results-oriented, full of initiative and focused on satisfying customers' needs.

Behaviors

Develop, support and reinforce those competencies and the right behaviors so they are sustained over time.

Once the performance and behavioral goals are set, the new processes are in place and the competencies are defined, companies engaged in IT workforce transformation must focus on the incentive and reward structures, as well as the learning programs needed to reinforce and sustain the desired new behaviors.

Redesigned processes and the alignment of skills and competencies will increase the likelihood that the workforce will perform in the new ways required. Just as essential, however, is performance management that clearly defines goals and provides feedback on how well those goals are being achieved, at an individual level as well as at a team level. If the IT organization is truly to be transformed, team-based perfor-

Setting tangible goals

Successful IT transformations begin with setting tangible goals. Here are the goals set by one CIO and the IT organization at a major communications company.

Service stability

- 50 percent less downtime, through more effective incident management
- 50 percent fewer failed changes, through better teaming and quality of development
- 75 percent fewer emergency change requests, through better planning and discipline

Solution delivery

- Three-and-a-half times the number of projects delivered as committed, through stronger delivery capability and commercial focus
- Projects mobilized 50 percent faster, through higher-skilled and more collaborative teams
- Lower defect rate, through stronger performance-led working practices

Business value

- Faster speed to market, through stronger IT/business relationships
- Faster adoption of the right level of innovation, through improved currency of skills and teaming

mance measures and reward structures must be part of the mix.

Appropriate incentive plans and reward structures then encourage the right behaviors. Effective performance management helps identify high performers who could be stretched further, as well as low performers who need further development or should be redeployed.

Ideally, staff at all levels will have a tangible stake in delivering the best possible service to the business. For example, when Prudential co-sourced its IT operations with Accenture, the giant UK insurer tied its reward system to specific service level agreements. Under this plan, everyone in IT services was rewarded if service levels were met.

Rewards work well as short-term incentives. Career development and management is vital to longer-range incentives—creating and sustaining commitment on the part of the workforce.

For example, a critical component of the IT workforce transformation at AXA Australia, a subsidiary of the Paris-based global financial services company, was the introduction of a career development model that provided a framework for skills development and career progression for employees within the IT organization. The model enabled individuals to manage their careers by defining performance requirements, roles and potential career paths. It also gave managers a tool to make sure the competencies of the people were aligned with the company's business needs.

Learning

Make change sustainable by creating access to the right expertise, linked to clear business goals.

Focused learning supported by ready access to knowledge and expertise is critical to helping workers perform at high levels of competency more rapidly, and for sustaining that high performance.

Some CIOs favor an IT academy approach that bundles learning content from internal and external sources, and provides a more comprehensive curriculum at all levels through blended e-learning and instructor-led training. An IT academy can also include the delivery of learning to those outside the IT organization. The success of these learning initiatives depends on clearly linking learning to the right business outcomes.

An equally important part of the mix is the development of a collaborative, knowledge-sharing environment, enabled by new tools and technologies that pull all the elements of the virtuous performance circle together for individuals on their desktops. These solutions combine portal technologies, expert searches, e-learning, online collaboration tools, and visibility-to-performance metrics with an appropriate content infrastructure.

As IT projects increasingly combine teams working across time zones, effective tools for collaboration and project management become increasingly essential. The success of a portal, however, depends on focusing tightly on the right business outcomes, rather than looking at technology for its own sake.

In the end, IT workforce transformation is about culture change—changing what the IT workforce does and how it does it. But leaders of high-performance organizations know that culture change is not, in fact, tackled straight on but is the

result of the other factors we've outlined here: courageous and insightful leadership; bold but tangible goals; new processes, tools and structures; sourcing strategies that assign the best skills at the right price to the right work; new behaviors; and the competencies, rewards and enablement programs to sustain a transformation. ■

About the authors

Stephen D. Page, a partner in the Accenture Strategy & Business Architecture service line, leads the Accenture Strategic Information Technology Effectiveness group in Europe, the Middle East and Africa. Working across a wide range of industries, his primary role is to shape and launch transformational change—especially for organizations in which IT is a critical strategic element—and to focus and achieve strategic value from IT. Dr. Page is based in London.

stephen.d.page@accenture.com

Susan R. Pearson is a partner in the Accenture Human Performance service line, where she leads the company's Workforce Transformation group. Dr. Pearson has extensive experience, at both the corporate and operating levels, in managing the human factors involved in large-scale organizational change. She is based in Reston, Virginia.

susan.r.pearson@accenture.com