



CIS Seminar Pack

"Maintaining IT Budgets and Maximising Project Delivery during the Global Financial Crisis"

Tuesday June 2nd 2009



Corporate Information Systems Pty Ltd

Presented by:

Gary Yorke

June 2009

Gary's seminar took an interactive look at practical strategies and approaches that position IT with budget holders and executives through providing visibility of project performance and cost effectiveness, build confidence in delivery capability, and provide expert input into developing Business Cases and communicating business benefits.



Maximising Project Delivery and Maintaining IT Budgets during the GFC!

Presented by Gary Yorke



Agenda

- Introduction
- Effect of Global Financial Crisis
- Are Projects really discretionary?
- Presenting a compelling Business Case
- Managing Uncertainty and Risk
- Measuring Benefits Realisation
- Project Delivery
- Questions?





Effect of Global Financial Crisis

Risk aversion – batten down hatches and weather the storm

Lack of cash – focus on cost cutting

Increased Internal Rate of Return (IRR) affecting NPV





Effect of Global Financial Crisis

BUT operating environment has changed so
businesses **MUST** change – doing nothing is not
an option

“It is not the strongest of the species that will survive, nor
the most intelligent, but the one most adaptable to
change.” attributed to Darwin





Projects and Recovery

Are Projects Discretionary?

Organisations need to:

- Review strategy
- Assess operations and efficiency
- Align activities to new world



How can this be implemented?

Projects!!





Projects and Recovery

Role of IT?

Get involved in review process

- IT knows systems and data needed, as well as limitations
- Advise on best solutions to achieve outcomes
- PMs can apply rigour to process
- Agents for Change





Projects and Recovery

Role of IT?

Opportunity for spring-cleaning – market has expectation of poor results

- Kill vanity projects – no business benefit, no funding – existing spend is a sunk cost, future budget can be better used
- Review staffing – low performers, high costs?
- More outsourcing?





Understanding the Business

Making the Case for Change

There is something about the way that decisions get made in successful organisations that sows the seeds of eventual failure ... Many large companies adopt a strategy of waiting until new markets are “large enough to be interesting”. But this is not often a successful strategy.

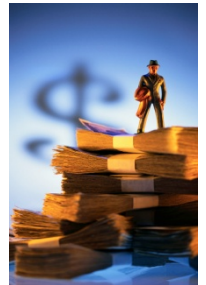
Clayton Christensen





The Business Case – A Marketing Document?

- Title
- Reason
- Options
- Benefits
- Risks
- Cost
- Timescale
- Investment Appraisal





The Business Case – A Marketing Document?

Planning a holiday – a 5 minute exercise

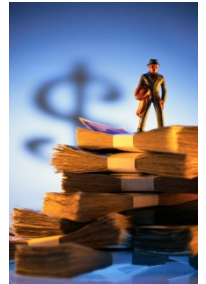
- Assign a PM
- Assign a Sponsor – ultimate decision maker





Business Case – Winning Titles

- Proposed Desktop Refresh Project
 - Total Cost of Ownership Analysis
 - Projections for Fiscal Years 2009-2012
- Prepared for:
- Prepared by:
- Date of Submission:

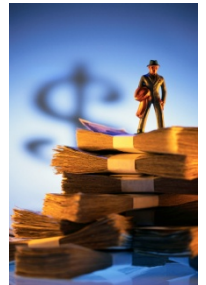




Business Case – Reason

- Is it aligned to Strategy
- Is there even a Strategy?
- What are the business drivers?

- Improving Efficiency
- Increase Market Share
- Developing Capabilities
- Introducing New Products and Services





Business Case – Options

- How many options is reasonable?
- 2, 3, 5, ?
- Is “Do nothing” included?
 - The Baseline position



Investment Appraisal

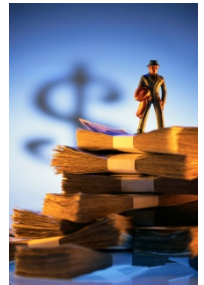
- A job for the Bean Counters?
- Provide input into ongoing cost for support and maintenance





Project Benefits and Goals

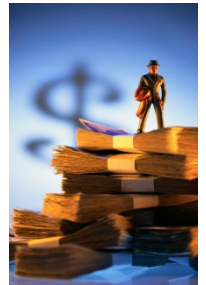
- All benefits must be:
 - S - Specific
 - M - Measurable
 - A - Attainable
 - R - Relevant
 - T – Time-bound
- Easier said than done?
- Remember
 - Accuracy is not a criterion!!!
 - Ranges are allowed
 - State assumptions (the get-out clause)





Business Case – Uncertainty and Risk

- What counts as a risk?
- Risk Workshop?
 - Who should attend?
- Risk Breakdown Structure (RBS)
 - Similar principle to WBS





Business Case – Uncertainty and Risk

Donald Rumsfeld – Nato HQ, Brussels, 6/6/2002

- The message is that there are no "knowns." There are things we know that we know.
- There are known unknowns. That is to say there are things that we now know we don't know.
- But there are also unknown unknowns. There are things we don't know we don't know.
- So when we do the best we can and we pull all this information together, and we then say well that's basically what we see as the situation, that is really only the known knowns and the known unknowns.
- And each year, we discover a few more of those unknown unknowns.

<http://www.nato.int/docu/speech/2002/s020606g.htm>





Uncertainty and Risk

Tendency to focus on

- Areas of competence
- Obvious issues – lack of resources, budget, etc.

Can lead to putting issues in “Too hard” basket - to deal with later

Ignores “Boundary Conditions”

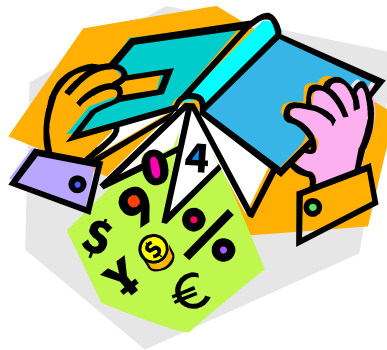
Requirements focus on Wants and Needs – “Not wanted” or “not needed” seldom captured – another risk!!





Measuring Benefits Realisation

- How many companies have a system for reporting aggregate benefits realisation from all earlier projects?
- All do – it's called revenue and costs from ordinary activities





Measuring Benefits Realisation

- Benefits are not delivered by projects.
- Projects deliver Capabilities
- PMOs or Business owners must account for Benefits Realisation measurement
- Businesses are responsible for maximising benefits

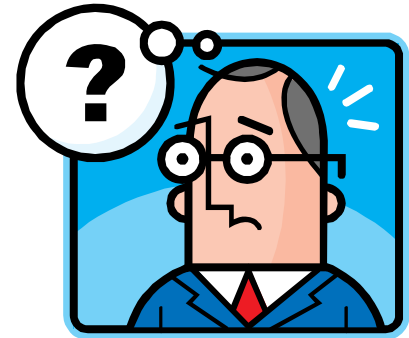




Maximising Project Delivery

Eliminate Uncertainty and Risk

- Know what you have to deliver
 - Question! Question! Question!
 - Don't take no for an answer
- Know how it's going to be delivered
- Get technical staff to be specific and work on hard stuff first





Maximising Project Delivery

Communicate

- Understand your technical staff – what competencies, what motivates them, what are their interests,
- Build a team - how do they interact with others (Myers/Briggs, Belbin)
- Engage with business users – they are part of the team too

“It’s all about People – The rest is Technology”

Ericsson slogan in 1990’s





Questions?



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