BUILDING TRUST AND DRIVING INNOVATION WITH GOOD GOVERNANCE

Why you need to get a seat at the boardroom table

Implementing and enforcing IT governance policies enables organisations to better manage risk, improve control and efficiency and even promote innovation. Unfortunately, governance is seen as a "blocker" to many organisations, a hurdle that needs to be overcome rather than a business enabler.

Attendees at CIO's ICT governance roundtable, sponsored by Adaps Consulting, agreed that CIOs need to take the lead on governance activities. Importantly, CIOs and their IT departments need to build trust and give staff the tools they need to do the right thing.

"We have to get out of the backroom and start driving governance activities," said one CIO.

"We exist in our silos and don't let people in but the fact is that we are the ones responsible because IT is becoming part of everything that we do."

What became clear during the discussion was that more than one governance framework was required to govern IT through all its lifecycles.

"When hardware fails, we blame the technology or the vendors; when projects fail, we blame the people or the suppliers," says Simon Roller, managing director at Adaps Consulting.

"We view IT governance as a relay with many runners rather than a sprint with one person. The governance framework is important but the integration of multiple frameworks that have been deployed – effectively the baton exchange – are just as vital."

Governance has been a major focus over the past five years for financial market intelligence firm Standard & Poor's. IT plays a role in implementing governance, which is often introduced through changes to technology systems and infrastructure.

"One unintended consequence of this is that some people see IT as a negative; they don't want systems to change and governance is seen purely as a way to provide centralised control rather than as a tool to improve business processes and stimulate innovation," says Alex Watson, senior director, business systems at Standard & Poor's.

"We don't see it that way. Strong governance is essential to our organisation and if governance is done well, people don't see it as controlling because it's being delivered in a way that makes the business more productive."

DEVELOPING STRONGER RELATIONSHIPS WITH THE BOARD

IT infrastructure is complex and always changing. If technology stops working, the business stops, which drives the need for CIOs to implement governance policies and procedures.

However, CIOs often don't feel they are equal to CEOs and other senior executives who are developing business strategy, according to one CIO.

1. Attendees at CIO's ICT governance roundtable

2. **FELICITY NUTTER**, Group BIS Manager, Porter Davis Homes

3. **SIMON ROLLER**, Managing Director, Adaps Consulting

4. **JUSTIN WESTBROOK**, National IT Manager, Maurice Blackburn Cashman

5. **ALEX WATSON**, Director, Business Systems, Information Technology, Standard & Poor's

6. **ADRIAN STAGG**, Head of IT, IPR - GDF SUEZ Australia

"Ultimately IT is a mechanism for delivering services to the business; we don't necessarily develop business strategy but we have to be at the boardroom table because we are a vital part of the organisation," said the CIO.

"We have outsourced our importance, and to some CFOs, IT is more about cost. But in an organisation where IT is seen as strategic, we will get a seat at the boardroom table and an opportunity to discuss governance issues and how to innovate."

Eddie McGarry, ICT director at Places Victoria agrees: "IT should be viewed as a strategic part of the business and we need to sit at the boardroom table giving our opinions on how to implement good governance to drive positive change across our organisations."

One CIO believes that it's also important for CIOs to build relationships with key executives who need to see that IT is delivering on what it has promised.

"To do this, we need to understand and manage the expectations of senior executives while making sure that the governance framework is flexible," the CIO said. "This means having a financially robust plan with the right structure and lines of reporting."

Felicity Nutter, group BIS manager, at Porter Davis Homes says it's important to build trust and IT must sell its value the same way that marketing does.

"Governance is a way of working, it's not something you do extra," Nutter says. "It doesn't happen with a process or procedure, it comes through gradual incremental behavioural changes to the ways of working and that takes a trusted relationship."

Ben Hancock, finance and ICT director at children's car seat manufacturer Britax adds: "Governance starts with the board; it's embedded in the corporate culture and is a necessity.

"If your organisation has an outage for any period of time, governance is elevated up the food chain and suddenly, you're having a conversation with the board about risk."

Having the right controls in place to manage risk is also becoming increasingly important to clients, particularly those that are moving key systems and applications to the Cloud.

"More and more organisations are asking about security controls, where their data is going to be stored and the processes that will be followed," said David J Banger, director, IT at KPMG.

"Good governance helps a professional services firm like KPMG differentiate itself in the marketplace, which is important because we need to show that we have the skills and expertise to best meet our clients' expectations."

CHANGING BEHAVIOUR

Perhaps one of the key elements of achieving good governance is encouraging appropriate behaviour across an organisation.

"You can help people do that by providing education, development and constant communication, but at the end of the day, it is autonomy that will drive the appropriate behaviour," says Adaps Consulting's Roller.

"IT governance can assist in defining what people need to do, create boundaries that they feel comfortable within and apply the checks and balances required to manage risk," he says. "To motivate people to excel, they need autonomy (trust), purpose (direction) and mastery (development)."

Attendees agreed that organisations need to enforce policies and procedures in the same way that governments enforce road rules, such as speed limits, to drive the right behaviour among motorists using public roads.

"We need to effectively manage and change behaviours across our organisations," said Justin Westbrook, general manager of IT at law firm Maurice Blackburn. "Put a committee in place to involve people at every stage and show them that if they follow a certain process, they will get a better outcome."