

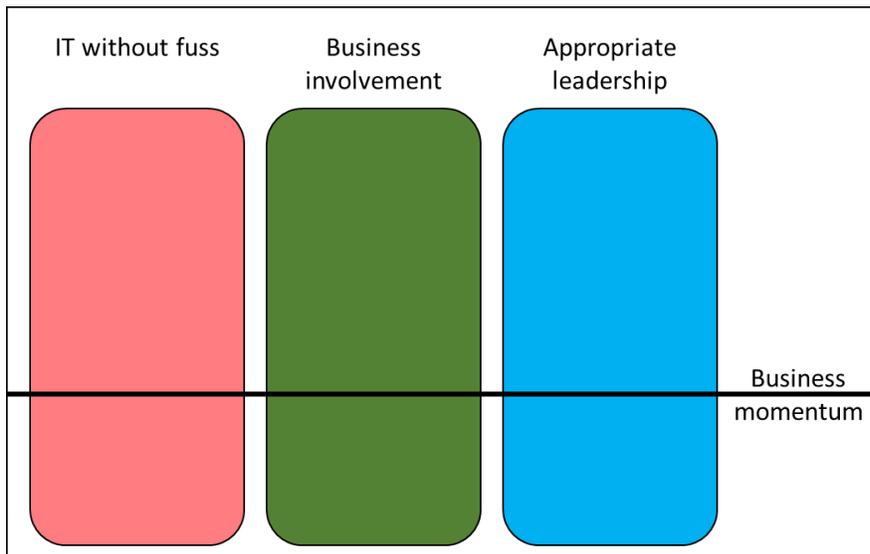
The three roles of IT (Part 2 – The complete 3RM model)

Terry White

In my article “The three roles of IT (Part 1),” I wrote that when CEOs were asked what they really wanted from their IT department, they said: “Deliver IT without fuss, get involved in the business, and give appropriate leadership.”

I also introduced the concept of “business momentum,” which is a function of organizational mass, speed, and direction.

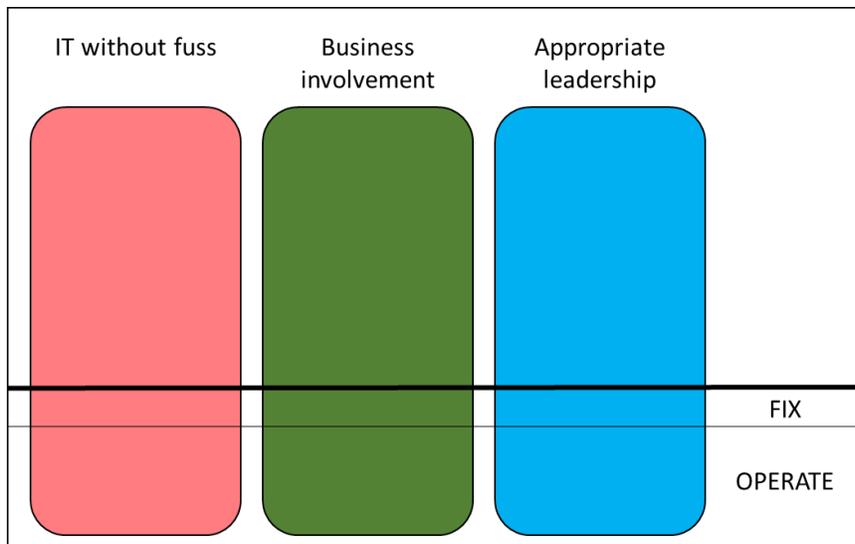
I then combined the three roles and business momentum into the following diagram, which I call the 3RM model (3 Roles & Momentum):



This leads to the idea that IT has responsibilities both below the momentum line (BTL) and above the line (ATL). BTL, IT must maintain the business momentum, and ATL IT must improve or increase business momentum.

I now want to refine this model further, because there are, in fact, two levels below the line (BTL) and three levels above the line (ATL).

Consider this: If IT departments must maintain business momentum in its BTL activities, then it must operate and run the IT infrastructure and systems for the business. But what if something breaks? What if the network fails? Or if data becomes corrupted? Or if there is a cyber attack? (The list of things that can go wrong in IT is very long, and it is only because of IT’s diligence that more does not go wrong. But I’ll discuss that later.) For now, let us assume that something in IT operations has gone wrong. What happens to business momentum? It starts to fall. And if IT’s responsibility is to maintain business momentum, then we must add a “FIX” layer just below the momentum line, and above an “OPERATE” layer. So now there are two layers below the momentum line – an “OPERATE” layer and a “FIX” layer:

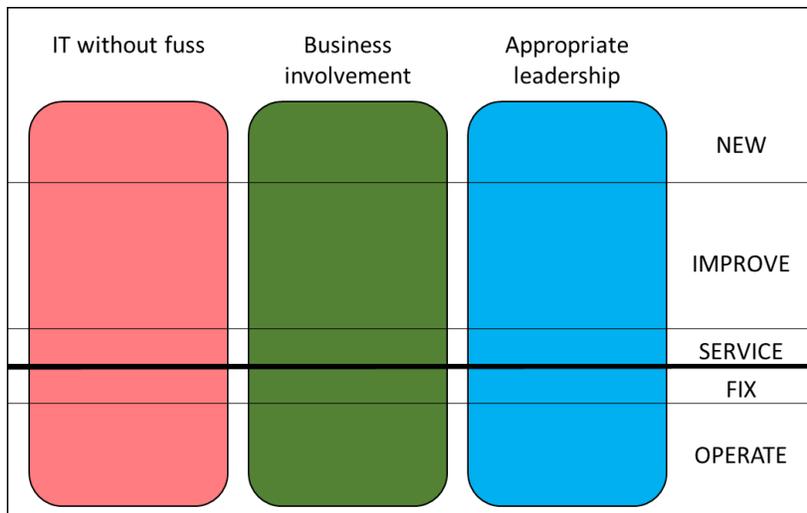


I deliberately use capital letters when describing the layers because you can fix something in the FIX layer, but you can also operate some applications in the FIX layer so that fixes are automatic – I differentiate between the LAYER and the actions in that layer.

When IT has to fix something, there is pressure to do so quickly and thus stop the decrease in momentum – decreases in mass (say a factory or branch being offline), or speed (say deliveries being late), or direction (say the inability to expand into new territory) mean that losses in revenue, increases in costs, or increased risks and reputational damage will soon follow. So the actions and conditions in the FIX layer are very different from normal operations. Cost is less important than stability and reduction of risk. Often governance is less important too. People need to be taken from their normal jobs and tasked with FIX work.

Earlier, I said that “it is only because of IT’s diligence that more does not go wrong,” which provides us with the layer just above the momentum line. If IT does not implement patches and new releases and does not respond to service requests from the business, many things will start to go wrong (and appear in the FIX layer.) Similarly, if IT does not architect its infrastructure and applications, and if it does not do capacity planning, or if it does not implement cybersecurity, the FIX layer will fill up with problems and failures. So the layer above the momentum line is the SERVICE layer – where IT performs the activities needed to ensure that things do not go wrong in the future. The actions and conditions in the SERVICE layer are focused on the future – fixing the future perhaps. Because they are often concerned with technological matters, activities in the SERVICE layer can be hard to justify and fund when talking to non-IT executives.

There are two more layers above the line (ATL), and I will present them now so that I can deal with the full model. Above the SERVICE layer is the IMPROVE layer, and above that is the NEW layer. Here’s the full 3RM model which I will discuss soon:



You will see that there are 15 separate areas or “classes” of activity in the model. Probably the most important classes are the OPERATE, FIX, and SERVICE classes in the “Business involvement” role. This is because they form the basis of the majority of IT department activities, and this is what CIOs are mainly mandated to do by the business. But the OPERATE, FIX, and SERVICE layers in the “IT without fuss” role are almost as important – and we will see in later articles that they are difficult to explain, resource, and fund because they are often seen by the business as “IT for IT.” (A bit like trying to justify new toys for spoiled children.)

Back to the SERVICE layer. I often explain this to executives as follows: “Imagine if you don’t service your motor car, what will happen?” They always reply: “Then you stand the risk things going wrong and of sudden and unexpected failures – you might break down in a dangerous place, far from help. And when you finally do service the car, it will be much more expensive.” And I say: “This is exactly what will happen if we do not service the technology that maintains the business momentum.” They say: “Ah.... No-one has ever explained it like that before.”

This is the value of the 3RM model – non-IT people can quickly understand it, and it is a simple explanation of a very complex group of IT concepts.

The IMPROVE layer is where work is done to improve existing technologies, services, products, processes, and so on – these are usually formal projects. The important word here is “existing” because it differentiates this layer from the NEW layer above. For example, if the business has 36 stores, and it adds a new one, this activity goes into the IMPROVE layer, not the NEW one (otherwise every time someone got a new laptop, we would place it in the NEW class). Stores and laptops already exist in the business. But if the business creates a new online store that has never existed before, then this activity is NEW.

Some people have asked me if the NEW layer should not be the “differentiate” or “innovate” layer? The answer is that many companies differentiate by delivering excellent (but not new) services, and others differentiate by keeping their costs low. Similarly, innovation can happen throughout the organization, even in the FIX and OPERATE layers. I have tried words like “different” or “create,” but NEW is the one that executives understand best -and that is what this model is about. Activities in the NEW layer are those that have never existed in the organization before – if you think about it, such activities require

more than new technologies – they need new competencies, staff, capabilities, processes, governance, and so on. This is why the NEW layer is very different from all the others.

The application of the 3RM model is the most important thing for CIOs. It is an agenda for discussing with non-technical people what IT does, has done, and should do. It is mainly a communication tool. But it is, as we will see in another article, a budgeting and strategy tool. It also helps prioritize projects and addresses the question of IT value. But most importantly, it is something that executives understand quickly. The 3RM model is a communication tool.

Let us talk about what activities are classed in each layer in each role:

Business improvement: IT must OPERATE, FIX, and SERVICE any system that directly runs the business like ERP, legacy systems, CRM, sales, procurement, and so on. IT's involvement in business should extend as far as IMPROVE current processes, services, products, and applications. Most IT departments respond to service requests and project proposals, but when CEOs asked for IT to be “involved,” they wanted more than a simple response to a request. CEOs want IT people to use their unique perspective in technology to identify and promote changes in the business. CEOs want IT people to be proactive. In the NEW business improvement class, IT is playing a more important role than ever before. IT should proactively research, propose, and provide new digital products and services (obviously in collaboration with their business associates.) In the age of digital transformation, IT also plays a role in the customer experience, either by opening up new channels to customers or by digitizing new elements of the customer journey.

IT without fuss: IT departments must OPERATE and FIX IT systems designed to keep IT running and to manage IT in a businesslike way. These systems include ITSM systems (like ServiceNow, Atlassian, FreshService) that help with the running of infrastructures and business applications. There are also project and portfolio management applications that help with the design, building, and delivery of projects. Most modern IT departments run DevOps platforms that allow for the delivery of agile and other projects. There are EA solutions, capacity tracking and projection systems, and many others that help IT deliver their services to their organization.

Similarly, the cybersecurity systems employed by IT to keep their organization digitally safe is an “IT for IT” system. Of course, IT departments must also service their own BTL applications, systems, and hardware. Servicing of IT for IT components also involves maintaining the architecture, CMDB, and Disaster Recovery plan. But they must also IMPROVE their processes, for instance, by implementing ITIL or similar standard methodologies. They should also IMPROVE the performance of their hardware and software by conducting regular digital audits and analyses of how the infrastructure is behaving. Training of IT staff falls into the IMPROVE class.

NEW IT would be something like moving to the cloud where they haven't been before. Or using IoT to monitor their Edge systems. Any new technology needed or used by the IT department that requires new skills, staff, processes, governance, capabilities, or even culture will fit into the NEW layer.

The emphasis on “without fuss” is problematic for CIOs. Because IT without fuss is possible only if CIOs install “IT for IT” systems that monitor real-time IT operations, and that take preemptive action before problems arise. I once saw a desk-top and server support outsource company that had over 100 clients and 11 staff. This was because they had automated all IT operations, monitored every piece of

equipment and acted long before an alert became a problem. However, IT for IT technology is difficult to justify to non-IT executives. I will deal with this in a later article.

Appropriate leadership: When I did a study of organizations that had “leadership systems,” I found that fewer than 4% had such applications. Leadership was regarded as the domain of the executive team, was seen as a manual process, and was often jealously guarded by these executives. When I wrote my book “Reinventing the C-Suite,” I researched the psychology of top executives. The two most prominent executive habits were arrogance and narcissism (excessive regard for oneself.) So it is little wonder that executives think that leadership is their sole responsibility and right.

However, more progressive executives have implemented Enterprise Architecture (EA) systems, which allow them to model, analyze, and test not just their systems, but their customer journeys, organizational capabilities and culture, business processes, information flows, and almost anything that makes a business work. This is a leadership system. Interestingly, EA systems are no longer being targeted at IT departments, but at CEOs and other executives. Another leadership “system” is the organizational structure, so some elements of the human resources system like succession planning, training, and capacity could be classes as leadership systems. People have asked me what the NEW class in the Appropriate leadership role means. This is easy: Some companies radically change their business model, or some companies set up a separate business (what John Hagel calls Edge Companies) far from the mainstream business to try out a new way of operating or interacting with customers. These are NEW leadership activities.

The important thing here is that the 3RM model is most useful as a discussion and communication tool. It has many other uses, which I will cover in other articles, but all of those uses are about better communication. I once helped a CIO get a 100% increase in her IT budget, only because the executive team understood at last what IT should be doing, and what funding she needed to get the job done properly. And I have had many CEOs tell me, “This is the first time I’ve understood what IT does!” And that is worth gold to CIOs.

In the next article, I’ll talk about using the 3RM to communicate about why IT departments do, and why they do it.