

IS Credibility: The Path to Making the Most of IT

The IS organization must have credibility to gain the respect of the enterprise and its business units. Low credibility carries a high price — pressure on budgets, lack of resource commitments and fewer IT jobs.

Credibility can be a slippery value judgment, often arising as an “I-know-it-when-I-see-it” conviction. Although credibility is often subjective, and comprised of many shadings of perceptions, it mostly measures the believability and reliability of a person or entity.

Individuals have (or lack) credibility — for example, politicians, business leaders or newspaper columnists. An organization, too, has a certain degree of credibility. How it is perceived can determine whether its services and advice are valued or shunned.

The credibility of the IS organization is essential, enabling the enterprise to maximize the business value of IT. Without IS organization credibility, enterprises find it difficult to exploit IT’s maximum value and capability to support strategic, critical business imperatives.

The Cost of Low Credibility

Many IS organizations have reputations for not providing value that is commensurate with the cost of IT. They may feel powerless to improve their standing due to past failures that continue to tarnish their credibility, or as a result of being a low-cost provider of IT products and services. For some users of IT, cost is a harbinger of credibility — pay little for IT costs and you’ll have little respect for the IS organization; pay a lot and you’ll respect the IS group a lot. In “Establishing Financial Credibility,” Barbara Gomolski urges IS leaders who are anxious to enhance their department’s credibility to demonstrate excellence in managing budgets and IT investments.

When poor perceptions of credibility define an IS organization, IT users and other stakeholders (such as enterprise executives) question whether IT investments are actually delivering promised business value. This contaminating effect is dangerous to IS organizations. If key user groups and senior managers who control the enterprise purse strings demean the worth of IT as a driver and contributor of business value, the following scenarios are unfortunate but likely:

- The IS organization becomes vulnerable to (more) budget cuts.
- Aggressive external service providers will identify IS organizational weakness and mount an incursion, often with the backing of advocates within the enterprise.
- IS leaders spend an inordinate amount of time justifying their budgets and proving their value to enterprise senior leadership.

IS organizations, therefore, should regard low credibility as a potential precursor to a loss of prestige, budget, autonomy and jobs. To prevent such an occurrence, the IS team must enhance its credibility by swiftly demonstrating business value in creative and collaborative ways that go beyond mundane metrics as such as service quality reports and cost-reduction plans.

IS organizations that wish to enhance their credibility must first identify their position on Gartner's IS Credibility Curve, which measures IS credibility on a five-level scale. In the first of a two-part discussion on Gartner's Credibility Curve, Colleen Young, Bill Rosser and Diane Morello present the five phases of IS credibility in "Plot Your IS Group on the IS Credibility Curve." In the second part, "How to Climb the IS Credibility Curve," they explain how IS organizations can advance up the curve and gain enterprise respect.

Scaling the curve of credibility requires IS organizations to identify which drivers of credibility expose organizational weaknesses and which ones exploit its strengths. To make such assessments, an IS organization should perform a strengths, weaknesses, opportunities and threats (SWOT) analysis to understand its fortes and limitations. As part of that assessment, IS organizations should evaluate their decision-making style, processes and skills. Susan Dallas stresses that IS leaders must align their governance issues with the decision style of the enterprise and its business units in "Six Governance Rules to Boost IT and User Credibility."

Contributors to Poor Credibility

IS organizations do not deliberately set out to create credibility failure. Rather, the lack of credibility inexorably occurs in the absence of a firm commitment to achieve excellence in the provisioning of technologies and services. The following factors cause low IS organizational credibility:

- *Efficiency vs. business change:* Many IS groups focus on squeezing efficiency from workloads and prioritizing resources use rather than boosting business results over the long term.
- *A technology-first bias:* IS organizations suffering from poor credibility often are obsessed with technical solutions and processes, rather than the business problems of the enterprise.
- *Late delivery of services:* Consistent delivery delays create an aura of unreliability, leading to user frustration, annoyance and avoidance.
- *Poor service:* Inadequate or unreliable service execution is evident in quality and cost issues.
- *Unrealistic planning process.* IS organizations often base their technology planning on a best-case analysis, which fails to take into account common implementation or operation risks. Furthermore, IS organizations sometimes devise a planning process that is not aligned with or connected to business planning.
- *Poor customer communications:* Low credibility is aggravated by IS organizations that are unable to successfully deal with business-unit client groups.
- *Low enterprise commitment to IT:* Funding difficulties, inability to commit resources, prioritization chaos, and difficulties in initiating or earning enterprise support for IT innovations mark an IS organization with low credibility.

- *Failure to establish a connection to enterprise strategies:* IS initiatives that fail to map to business unit or overall enterprise business goals will challenge IS credibility.

CIO Mistakes That Harm IS Credibility

In a cost-conscious environment, CIOs (like other executive officers and department heads) feel pressure to rationalize the IS budget. In doing so, Gartner finds that CIOs often diminish credibility by:

- Failing to develop productive, effective relationships with key business leaders and stakeholders.
- Focusing on technology solutions rather than business problems
- Focusing solely on current operational requirements
- Tying service levels to IS head count rather than business need
- Neglecting continuous-process improvement to ensure reliable delivery of services
- Over-promising on the return on IT investments while only able to control the cost side
- Establishing ineffective governance mechanisms to fund and prioritize projects
- Organizing around IT disciplines rather than around services of value to the clients
- Failing to manage the client-demand side
- When mandated, reducing head count without simultaneously reducing service levels or projects
- Failing to communicate to all stakeholders

A leadership vacuum fosters an IS culture that will likely continue to convey little or no credibility to the IS organization's stakeholders. CIOs and senior IT managers must know their chief stakeholders and how they regard the IS organization's credibility. Stakeholders will decide whether to work with the IS organization or look elsewhere for IT technology and services. By 2006, IS organizations that fail to map a service strategy to the expectations of their chief stakeholders will cede influence to other IT providers (0.7 probability).

Features

"Establishing Financial Credibility" — IT managers must display a solid knowledge of finances to win the respect of business units. **By Barbara Gomolski**

"Plot Your IS Group on the IS Credibility Curve" — The IS Credibility Curve provides a step-by-step guide for IS organizations to raise their credibility among stakeholders. **By Colleen Young, Bill Rosser and Diane Morello**

“How to Climb the IS Credibility Curve” — To scale the IS Credibility Curve, IS organizations should infuse their groups with top-notch performance, professionalism and business value. **By Colleen Young, Bill Rosser and Diane Morello**

“Six Governance Rules to Boost IT and User Credibility To maximize the effectiveness of IT governance, enterprises must ensure that fundamental IT principles and decision-making authority are clearly defined. **By Susan Dallas**