



Bi-Monthly
Newsletter
for
Positive
Support
Review's
Clients
and
Subscribers

Organizing to Compete and Survive as a Chief Information Officer

How to have a career until you are ready to retire

With the rapidly changing technical environment which is focused in down-sizing, Chief Information Officers (CIO) need to be proactive in the ways they respond to needs of their enterprises. They need to organize to provide results versus process. That means getting and implementing a new vision of how to get the job done. The answer that it can not be done is not valid. What can be done and by when is what needs to be said.

Organizations must get to the point that rules and procedures do not get in the way of results and customer service. In addition they must support the concept that allows individuals to exercise judgement and deliver results.

The functions of Information Systems (IS) are not limited to providing technology. The functions include three separate and equal drivers. The first is in providing the "factory" or results capability. The second is in providing customer service when there is an inquiry or request for factory output. The third is in being the focal point for new services and customer needs.

Few, if any, IS organizations are organized around these drivers. Rather they are organized around the needs of the technology.

The area that is most lacking in IS organizations is customer service. In our fall 1993 survey of 187 major IS functions, less than 14% have a senior management executive, other than the CIO, whose primary job objective is in providing customer service. That is not to say that customer service is not a job objective. What we are saying is that the function of customer service is something that is added and not

Best Practices Include Shifts in Focus of IS

Many best practices are opportunities to improve the productivity and value added of the information function

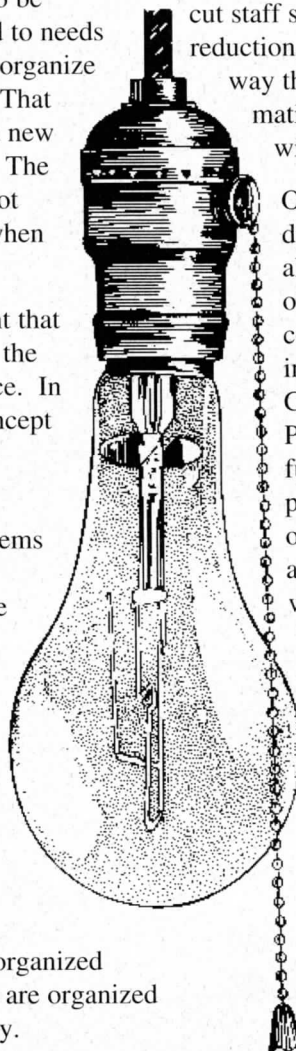
In PSR's survey of 273 major corporations 81.3% of all IS organizations will continue to cut staff size and budgets. This is not just cost reduction. It is more a focus of reinventing the way that things are done. The most dramatic best practices are those associated with a re-engineering of the IS function.

Organizations participating in the study did so with the assurance of confidentiality. The information that follows was obtained from other sources but was confirmed by the study. In follow up in-depth discussions with selected CIO's in the sample 273 companies PSR found re-engineering of the IS function was a key component in the productivity and customer service focus of these executives. This has resulted in a number of common best practices within these organizations.

Most now agree that two factors are driving the direction of IS groups within leading firms. The first is the disparity in cost of centralized processing versus localized processing. CPU cycles on the host cost more and adversely impact overall service level more than mid-range and micro solutions. The second factor is the birth of a customer service focus. No longer is it valid to say that something cannot be done or that it will take 18 to 24

months to implement a new solution to meet a business need. The right answer is how much can be done, in how short a period of time and with limited resources.

This new focus does not bode well for organizations that are not geared to a results orientation. In an unique occurrence, 100% of our sample said that Client Server was the wave of the



Contents

Organizing to Compete and Survive as a Chief Information Officer 1

Best Practices Include Shifts in Focus of IS... 1

Washington is Out of Touch With the Needs of IS and is about to Make George Orwell's World Real 3

Forecast of the National Information Systems Market 4



100% Recycled Paper

(continued on page 2)

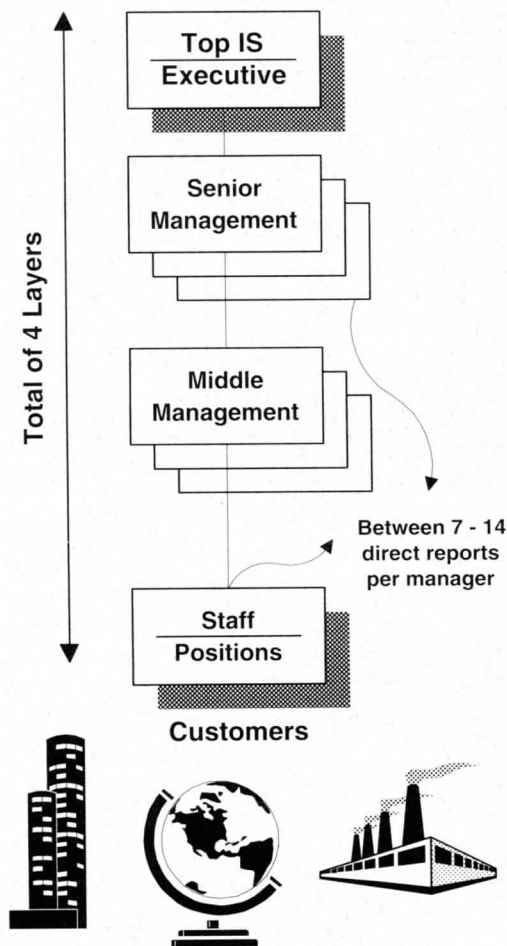
(continued on page 2)

Organizing to Compete and Survive as a Chief Information Officer

(continued from page 1)

defined as a primary need.

An IS organization can be viewed as an information company. There is a need for delivery of service, marketing and customer service. It is a business that has a single product/service. In order to manage this company, the first step is to see that the providers of the service are close to the customers and the management of the business. As a best practice we have found the span of control in well managed IS organizations is between seven (7) to fourteen (14). In addition the depth of the organization is no more than three (3) layers between the top information executive and the lowest level in the organization.



An elimination of excessive layers, along with a redefinition of the primary job functions is what needs to be done. The redefinition needs to be based on the new world and the focus on the customer. No longer is it enough to be the technical expert. Now the success of the CIO depends on how the IS function meets the objectives and needs of the enterprise. The new world is the same one that has been talked about for the last two decades. Only now it is real. ♦

Best Practices Include Shifts in Focus of IS

(continued from page 1)

future. What that means and how that is implemented as a best practice is the point that we find most interesting. One question that we asked each of the executives interviewed was, "How are you (the CIO) implementing client server concepts in the IS infrastructure?"

The answers were varied and insightful. They ranged from localized compiles of COBOL to implementation of development networks that users could use. By far the leading best practices were geared to rethinking the way that things are done. The following table shows the trends of several best practices. Notice the movement away from CASE and data base design as a user based solution and the move to prototyping and application development with business based design teams (aka cross functional design teams).

		In	Out
PERCEIVED VALUE	High	Prototype Business Teams IS Re-engineering Client Server	Steering Committee SDM BSP Data Architecture
	Low	Chargeback GUI (moving up) Non IS Developers	CASE COBOL/CICS on WS Host Based

The approaches that are in and have a high perceived value are prototyping, business based design teams, Information Systems Re-engineering and client server based applications. Organizations that are growing and seem to be focused to meet the needs of management all have these four components as part of their basic organization strategy. As a side note, the CIOs in these organizations have a significantly longer tenure in their roles and as a group have a significantly lower attrition rate.

In our survey, we ran across a number of organizations that had a focus on CASE tools (cut cost) COBOL CICS on workstations (lower maintenance support cost) and Host based systems (economies of scale). In a further review of organizations with that focus, we found that those organizations were in turmoil. Outsourcing and down-sizing are the watch words of the day for them.

For more information on PSR's Comparative Metrics Service, please call. The survey is available to participants only. ♦

Washington is Out of Touch With the Needs of IS and is about to Make George Orwell's World Real

**Clinton and the beltway are a stone wall that
do not even come close to understanding
what is needed**

The Clinton administration is starting on its new adventure, telling us how to apply the IS technology engine to meet our nation's needs. Clinton is not looking to any audience other than his own political appointees, much less the right audience to get an idea of what is needed.

Great leaders and societies lead by looking forward and learning from the past. With that, one of the greatest potentials for abrogation of our freedom is about to be fausted onto us. That is the universal identification card under the guise of a national health insurance card.

Let's look at the great idea. First banks and credit card issuers are having great difficulty implementing yesterday's technology credit cards with a thin magnetic strip. Almost everyone has moved to a hologram and/or photo on the back. Even with this, loss ratios of upwards of 6% are not unheard of. If the card is issued the way that he proposes, we have opened vaults of the nation to any person who has a cheap credit card duplication system. We can not keep illegal aliens from getting driver's licenses and social security cards in the state of California. That is costing California over 5 billion dollars annually. Now we will open the doors to an even greater threat. The Medicare / Medicaid fraud of the last few years will pale in comparison to what can happen with the new system.

The cause of all of this is that "Billy" and company do not know what they do not know. In addition, they are not calling on the right set of people so they could avoid these problems. Let's not even think about the grief and waste that will be

caused by the request for proposal process to support the administration of the credit card validation process. We have a disaster in the making and it is all going to be done under the guise of giving universal health coverage. This sounds like the universal health system will be another post office system.

The only real conclusion is that he wants to give "General Ross P" an opportunity to keep him too busy to politic. We all know that the government can not make this work so Ross could make billions more with the new system. Or better yet, maybe Clinton will hire Skully, an ex cola salesman, to implement the system of the age. Skully would be a good fit. He has experience in taking a premier growing organization and driving it into the ground.

**.... "Billy" and company are only
interested in social re-engineering
not in expanding the market
advantages.....**

After spending several hours listening to an administration official, it became very clear that "Billy" and company are only interested in social re-engineering, not in expanding the market advantages that we have. For example, one of the great quotes from the Under Secretary of Commerce was "We in the Department of Commerce are talking to the staffs in the Department of Energy and the Department of Labor to come up with a program to tell business how technology should be applied".

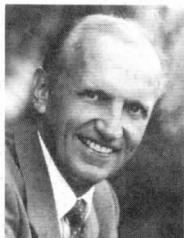
Taking that quote apart, it is clear that a group of people who live and work in a ten square mile area are going to tell the rest of us how we can do things better. They will not consult with leaders in industry, nor talk to a practitioner, nor talk to the major associations of computer professionals. Why do they continue to do things that way?

What we have is a government that knows better than we do what needs to be done. What good can come of this? ♦



1994 Salary Survey

- Defines compensation for Information System professionals
- Ranks IS professionals in other similar organizations
- Encompasses over 60 Information Systems positions for large (over \$500MM in annual revenue), medium (\$50MM to \$500MM) and small (under \$50MM) companies
- Costs \$395.00 which includes IS Position Descriptions
HandiGuide® volume 1



Forecast of the National Information Systems Market

Re-recession hits hardest at the core - Information System Specialists, Mainframe Programmers, and Analysts

by M. Victor Janulaitis

The shadow of the Clinton tax increase and defense spending cuts are beginning to be felt by more organizations. A great quote from the Deputy Defense Secretary, William Perry on Labor Day weekend was, "We clearly expect many defense companies to go out of business. And we will stand by and see that happen (LATimes 9/3/93)." The same weekend one of the big stories was the fact the oval office was redecorated and the art reflected our cultural diversity. Great work Billy, we will be a group of culturally diverse unemployed. That sounds like what the old Soviet Union was.

Those are some of the drivers of our current business climate. In the current budgeting cycle for the 1994 calendar year there has been a continued focus on down-sizing. As budgets are slashed mainframe Cobol programmers specializing in MVS - CICS are targets. As the same time support centers that provide poor or limited support are scheduled for further reductions. Fully 43% of the 273 large mainframes organizations we recently surveyed are implementing major "down-sizing" and "out-sourcing" programs {contact me directly if your organization would like to participate}.

In many of these organizations the cuts are scheduled for the first and second quarter. We found very few organizations planning or just starting to implement new major mainframe initiatives. In these same organizations we did find significant activity in the client server arena. Even this is cautious.

For example, one large multidivisional - international organization recently developed an RFP for a new "core business system". The business units were the drivers for this request. It seemed the mainframe system that was in place was limiting the growth of the firm (currently serving over 1,000,000 customers domestically and internationally in multiple business units).


The RFP had a tight time table and was geared to eliminate not only the mainframe computers but the dependence on the centralized IS group.

The CIO of this firm seized this opportunity and lead the charge to complete the RFP process. The CIO put all of the overhead and bureaucracy associated with mainframe development into this rather simple application. Several tens of thousands of dollars were spent and all other IS activity was put on hold

while responses from several vendors were obtained and evaluated. Then the fun started. First, the business units were told by the CFO that they could not have the capital necessary to fund such a major effort in this tight economy. Second the CIO was encouraged to find a "better career opportunity". The reasons given were - poor service to the business units and not understanding that the purpose of a business was to generate a profit not build IS dinosaurs.

This firm is currently in the process of a major IS "down-sizing" that will cut over 15% of the total staff. Meanwhile the business units are bootlegging new client server applications for a new "core business system" using some development tools that have just been released by Powersoft.

New entrants into the job market need to understand the dynamics of where the opportunities will be. Incumbents should implement career plans that include disassociation from the mainframe bigots of the world.

Over the next few months opportunities will be fewer but more interesting. My suggestion is to stay put until we get some visible signs that times are improving. 

Vic



Published by:

M. Victor Janulaitis

Location	Prospects Short Term	Prospects Long Term
Northeast	Poor	Poor to Worse
Mid-Atlantic	Poor	Fair
Southeast	Fair	Fair to Poor
South	Good	Good to Fair
Midwest	Very Good	Very Good
Southwest	Good	Good to Very Good
West	Fair	Fair to Good
Pacific Northwest	Fair	Fair to Good
Best Location	Midwest	Southwest