

## Governance with a box, “a 9 Box”

By Kevin M. Clement

Can you and should you use the traditional HR 9-Box tool to supercharge your information technology demand governance? Yes, and here is how we did it.

Gartner has defined IT Governance as such:

IT governance (ITG) is defined as the processes that ensure the effective and efficient use of IT in enabling an organization to achieve its goals. IT demand governance (ITDG—what IT should work on) is the process by which organizations ensure the effective evaluation, selection, prioritization, and funding of competing IT investments; oversee their implementation; and extract (measurable) business benefits. ITDG is a business investment decision-making and oversight process, and it is a business management responsibility. IT supply-side governance (ITSG—how IT should do what it does) is concerned with ensuring that the IT organization operates in an effective, efficient and compliant fashion, and it is primarily a CIO responsibility.

It is critical that all IT organizations have policies, procedures and tools in place to govern both the “what IT should do” and “how IT does it”. Several years ago, I started using a 9-box designed for IT, as a tool to drive the critical discussions around “what we should be working on”. We also leveraged this tool to help ensure all stakeholders were aligned with our plan.

A 9-Box is a traditional tool used by HR professionals to review talent and make talent decisions. A traditional HR 9-box gives an organization a way to look at the performance and potential of its employees. Organizations use this tool to accomplish a few important tasks:

1. *Conduct talent discussions around the current staff*
2. *Perform calibrations or ratings for each employee (highlight high performers, high potential)*
3. *Develop ownership and vision for the organizations talent strategy (identify gaps, development opportunities for key employees, succession plans)*

Does this seem familiar to any IT professionals and how we do demand governance? Let’s look at how these might relate to an IT demand governance perspective.

1. *Conduct discussions around the current state of solutions*
2. *Perform calibrations of gaps / needs*
3. *Develop alignment around IT priorities / roadmap*

This similarity was not lost on me or my team.

In my experience, the IT Governance 9-Box is excellent for:

- Creating a visual tool for strengths and weaknesses thus highlighting critical needs
- Establishing a starting point for an integrated capabilities road map
- Driving alignment between Business Priorities and IT Investments
- Creating a clarity of purpose and the rationale for hard conversations with our stakeholders

For me, using an IT Governance 9-Box made it easy to see what was important to our stakeholders and what we did or did not do well. This gave us a great, visual representation of what we needed to focus on. How does an IT Governance 9-Box do this?

## Basics of the IT Governance with a 9-Box

At the basic level the 9-Box starts as a Capabilities Assessment. Our Capabilities Assessment 9-Box was set up just like a typical Human Resources 9-Box. Except:

- Our Y-Axis will be used to plot how important a capability is to the success of our business
- Our X-Axis is used to plot how well we support that capability from a People, Process and Technology perspective

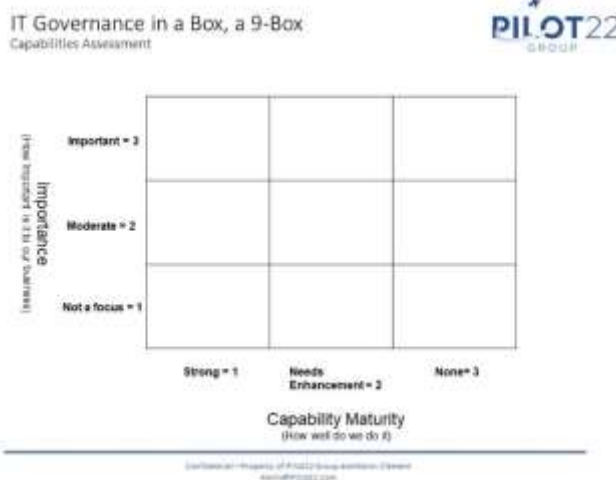


Figure 1- Baseline Capabilities Assessment Matrix

To keep it simple, we used a scale from 1 to 3. We did allow for granularity by using decimals to further break the numbers into quarters (i.e. 1.25, 1.50, 1.75). This enabled us to offer a further level of differentiation. We found this helpful during discussions where a stakeholder might say, “capability A is just slightly more important than capability B”. We even found the granularity useful when we were presented with a dependency such as, we will need to execute capability A before we could fully address capability B. It is very important for each

stakeholder, including the information technology stakeholders, to give serious thought to where a capability is scored, both for importance (how important is it to our success) and maturity (how well we do it).

## Steps to develop an IT Governance 9- Box – Capability Assessment:

Once we developed the concept and definitions behind the 9-Box Capabilities Assessment, we set out to define our process, collect the data and score our capabilities.

Before we met with a single stakeholder, our IT team worked to develop our Capabilities Assessment process. With our process came a few guiding principles that we agreed to live by. Including:

- MOST IMPORTANTLY - Focus on capabilities NOT solutions OR functions. There is always pressure to focus on solutions, avoid this pressure. You will inevitably find yourself having a conversation about solutions like CRM. In my experience, you could ask 10 people what CRM meant and you would get 10 different answers. We needed to change the focus from solutions / systems to capabilities and used this process to do just that.
- Go to the lowest level of granularity with respect to capabilities, get detailed. Don't get stuck discussing CRM or marketing, discuss the capabilities within these solutions / functions that are important to our business, like e-mail campaign management or interactive detailing.
- Don't be afraid to challenge the scoring of a capability. Push back if the capability is not part of the stakeholders' objectives
- Pay extra attention to capabilities that offer a competitive advantage
- Just as important, be honest about the maturity of your organizational capabilities. This is not the time to defend broken processes or solutions.

With these guiding principles agreed upon, we set out as an IT team to begin creating our version of the data, our "going in position", if you will. I prefer to build a going in position, as it allows me to move quickly through areas I readily understand and agree with and focus on those areas that I might not agree with or fully understand. Based on our knowledge of the business and our solutions, we created a starting Capabilities Assessment 9-Box.

Next, with our internally defined Capabilities Assessment 9-Box, we set out to complete our assessment. We set up meetings / interviews with each of our stakeholders. In these meetings we asked several key questions of each stakeholder, including:

1. What capabilities does your team need to do their job and accomplish their goals?
  - a. How would you rate each of these capabilities on a scale of 1 to 3 as to the importance to the business (1 being least important and 3 being critical)?
  - b. How well do we support those capabilities from a people, process and technology standpoint?
  - c. Are these capabilities table stakes or are they a competitive advantage?
  - d. Are there any dependencies associated with this capability?

Once we completed our discussion / interviews, we had data points similar to the table below (capabilities and scores are samples for demonstration purposes only):

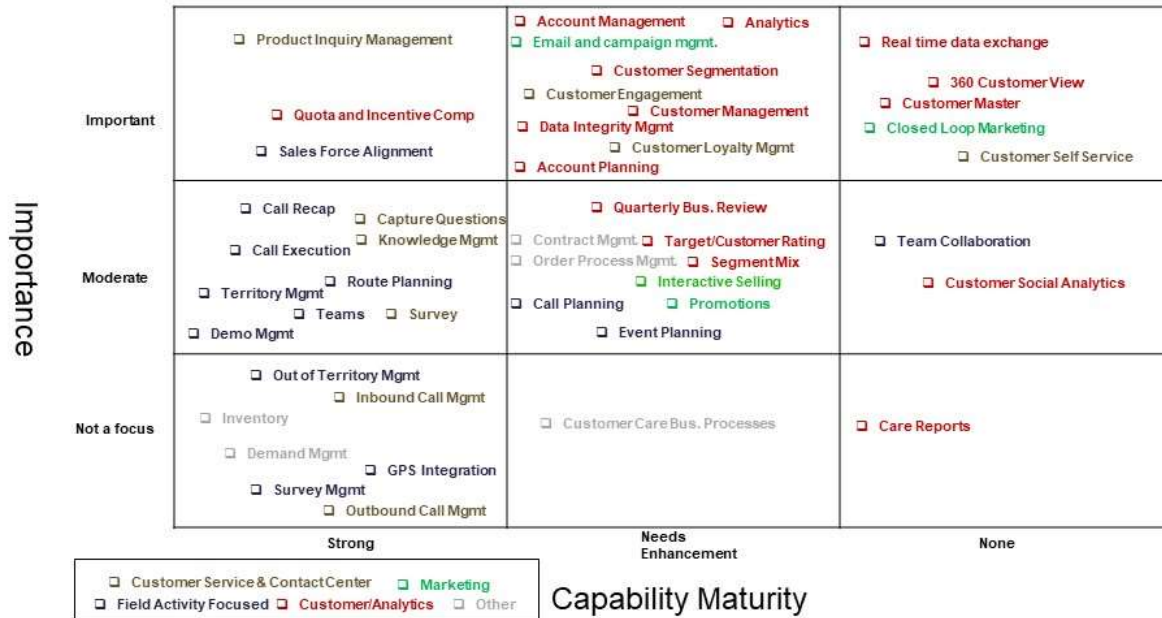
Capability	Importance	Maturity
Capability	How Important is it to the success of our business (Importance)	How well do we do it today (Maturity)
Product Inquiry Management	3	2.75
Quota and Incentive Comp	2.4	2.75
Sales Force Alignment	2.3	2.75
Account Management	3	1.75
E-mail and Campaign Mgmt	3	1.75
Analytics	3	1.25
Customer Segmentation	2.75	1.5
Customer Engagement	2.75	1.75
Customer Management	2.5	1.5
Real Time Data Exchange	3	0.75
360 Customer View	2.75	0.5
Customer Master	3	0.5

*Table 1- Sample Assessment Data*

Many times our stakeholders had important comments associated with each capability. We documented these comments and found them very helpful as we discussed the maturity of a capability. We were also interested in learning what had the biggest impact on how well we delivered a capability. Did we have perceived gaps in people, process or technology?

We took this data and used the 9-Box to plot the data points. Once the data is plotted on the Capabilities Assessment 9-Box, it might look like this:

## Business Capabilities Matrix - Sample



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Figure 2- Sample Capabilities Assessment

We utilized color coding to provide for groupings of capabilities, usually by function. Once we had a completed Capabilities Assessment 9-Box, we performed two separate validations.

1. As an IT organization we reviewed the 9-Box to ensure it represented what we knew and what we heard. Did we feel the scores were reasonable as a whole? Any questions related to the scoring were immediately addressed with the appropriate stakeholder.
2. A completed Capabilities Assessment 9-Box was presented to each of the stakeholders for their final thoughts / validation.

Any changes approved by the stakeholder were made to the 9-Box.

## What is the meaning behind each box?

Now that we had our completed Capabilities Assessment 9-Box, what does it all mean? With the completed Capabilities Assessment 9-Box, we now had a strong starting point for our IT strategy and roadmap. Our work during this process presented us and our stakeholders four critical decision areas.

1. Areas that are important and we don't have mature solutions (Invest)
2. Areas that required additional work to evaluate and prioritize (Prioritize)
3. Areas we perform well in and need to keep the systems and process in place (Run)
4. Areas that are not important and we don't have mature solutions (Do Not Build)

## What do the boxes really mean

<b>Importance</b> (How Important is it to our business)	<b>Important = 3</b>	Important and we do it well	Important and we don't have solutions
	<b>Moderate = 2</b>		Need to evaluate and prioritize
	<b>Not a focus = 1</b>	It is not a focus but we do it well	Not important and we don't have solutions
		<b>Strong = 1</b>	<b>Needs Enhancement = 2</b>
		<b>Capability Maturity</b> (How well do we do it)	

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Figure 3- What do the quadrants mean

From an action perspective, we classified each of the areas of the 9-Box as identified below.

## Capabilities Assessment – 9 Box Scoring



Importance (How Important is it to our business)	Important = 3	Run	Build	Build	<p><b>Build</b> – Invest in processes, resources, and solutions</p> <p><b>Prioritize</b> – Align and prioritize investments as needed</p> <p><b>Run</b> – Keep existing processes, resources, and solutions as is</p> <p><b>Do not Build</b> – No investment is required for new solutions, resources, or process enhancements</p>
	Moderate = 2	Run	Prioritize	Build	
	Not a focus = 1	Run	Run	Do not Build	
		Strong = 1	Needs Enhancement = 2	None = 3	
<b>Capability Maturity</b> (How well do we do it)					

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Figure 4- 9-Box Scoring

### How do you govern using you Capability Assessment 9-Box?

We leveraged our completed 9-Box to drive our IT Strategy and Road map. This exercise and completed 9-Box, showed us and our stakeholders exactly where we needed to focus to ensure we were “doing the right things” and delivering significant business value from our IT investment. Using the 9-Box, we set out to develop strategies to aggressively address the critical gaps in the right-hand corner of the 9-Box (Build). This meant putting a strategy together for every capability we identified as Build and working with our stakeholders to further understand the capabilities in the center (Prioritize) box. We placed even higher priority on capabilities there were identified as a competitive advantage.

Creating a strategy and roadmap for each of the capabilities was only part of the effort. A bigger part of the effort came in developing our **integrated roadmaps**, making sure all the pieces fit together and made sense. We had several key questions that needed to be answered:

1. How do each of the individual capability strategies and roadmaps fit together?
2. What order do the capabilities need to be address?

3. Do we have business constraints on when we can deliver a capability (seasonality)?
4. What are our overall resource constraints, from both stakeholders and IT?

Given the fact that we always have a limited set of resources, we had to develop an integrated roadmap that addressed the most critical of priorities within our resource constraints. Answering all these questions, enabled us to establish an aligned set of strategies and a comprehensive integrated roadmap. These two items along with our Capabilities Assessment 9-Box formed the basis for all demand governance discussions going forward.

## Parting Thoughts

There are a few “gotchas” during this process that you must be aware of.

- First and foremost, you must fight the natural tendency to talk in systems. We found ourselves constantly being dragged into a discussion around CRM instead of the fundamental commercial capabilities we needed. Work hard to change the conversation. Once you do, it is much easier to move forward.
- If a stakeholder communicates that a capability is important to the business but building or leveraging this capability is not part of their objectives / accountabilities, this should raise a red flag.
- Prioritizing between stakeholders can be tricky. With limited resources it often comes down to working with all stakeholders involved to ensure alignment with the overall priorities and roadmap. Being a diplomat is critical here.

There were others, but these are the areas we had to really focus on, in order stay on track and deliver a fully aligned set of strategies and roadmaps.

One significant value we gained, but I don't think was fully expected, is that the 9-Box gave us greater clarity when we needed to push back and say “No”. We would routinely have stakeholders come to us, after we completed the 9-Box, and ask us to work on another capability or project. We all understand that our business needs change on a constant basis, but we would use the 9-Box to engage the stakeholder in a thoughtful discussion. We would regularly reference the 9-Box and work to understand the true priority for any newly requested need. If we could not make the argument that the new requirements were more important than capabilities already prioritized in the Build area, we added it to one of the other boxes and treated it accordingly. Using the 9-Box as a visual tool, helped to quickly drive the conversation to an agreed upon solution.

A Capabilities Assessment 9-Box is a great tool to develop and maintain stakeholder alignment for IT Demand. My partners and I have enjoyed great success using this visual tool. Maybe it's time to think “inside the 9-Box”?

Thoughts? Experiences? Drop me a note, I would love to hear from you.