



InformationWeek

THE BUSINESS VALUE OF TECHNOLOGY

Use Metrics To Steer The IT Value Conversation

Discussions with business colleagues must move to a higher level. Here's how to build credibility and trust.

By Madeline Weiss, [InformationWeek](#)

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The CIO members of the SIM (Society for Information Management) Advanced Practices Council commissioned research on how metrics can support their goals. The [resulting report](#)--"How Do CIOs Measure and Communicate IT Performance?" --presents a framework for thinking about and organizing various types of metrics, from IT operations through business innovation. But more important are the researchers' insights into how to use the framework to drive IT value conversations with key business leaders.

Previously, CIO conversations with business colleagues centered on delivering high-quality, responsive IT services at the lowest price point. Metrics that boosted the CIO's credibility related to operations performance (availability, reliability, cost benchmarks and trends, help desk performance, user satisfaction, information quality); project performance (on time, on budget, on scope, user satisfaction); and technical innovation (performance improvements, employee training and certifications).

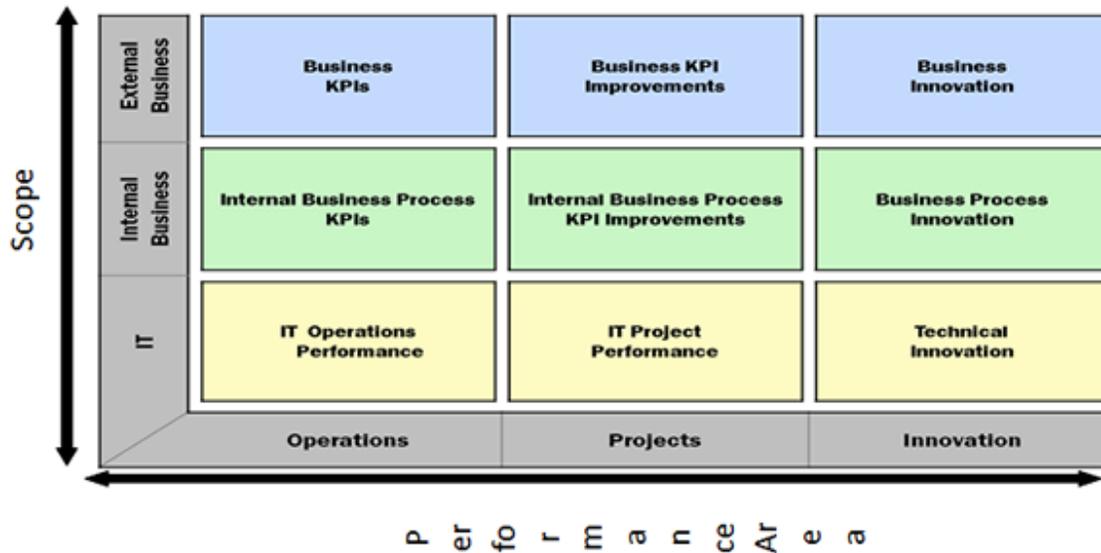
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Companies now expect so much more from their CIOs. They expect them to increase their companies' ability to compete in ever-changing markets, so successful CIOs need metrics that build trust and credibility in delivering this higher level of value. Metrics must support their conversations related to which investments have paid off in areas such as business process improvement, top-line growth, and innovation capacity. Metrics need to show which investments have great promise for future corporate value, too.

The relevant performance metrics, as represented on the y axis below, cover three main areas: operations, capturing the performance of existing infrastructure and business processes; projects, capturing the successful execution of change activities; and innovation, describing the enterprise's ability to pursue potentially valuable opportunities that it would not pursue through its traditional activities.

The relevant scope metrics, as represented on the x axis below, cover three main areas: IT, describing technology service performance; internal business, focusing on business process performance, such as process efficiency and quality; and external business, representing financial or product/service performance, such as revenue, profit, and product/service quality.



How can CIOs use this framework? The researchers offer several recommendations.

Be strategic in selecting metrics.

Focus on the performance dimensions your senior executives value most and use measures that business executives find relatable. The CIO of a multibillion-dollar U.S. retailer, for instance, selected internal business metrics related to growth and improvement of store operations, such as year-to-year growth, customer satisfaction, and ability to deliver to promise. The CIO of a global sports association selected external business measures such as financials and business performance in major events, as well as internal business processes. In addition, he built scorecards based on the metrics most critical to each business unit head.

The CIO of a *Fortune 500* insurance company selected IT operations and projects related to customer service and internal business processes. He regularly presents the executive team with detailed scorecards that contain high-level information that can be compared across business units, such as budgets and client metrics, as well as some unit-specific metrics. "When we're all talking from the same playbook, it's amazing how things change," he said.

Strategically shift focus to improve IT value and contribution.

Performance in the basic cells on the lower left enables the CIO to move to other cells that offer more value to executive peers. When the CIO shifts focus to cells toward the upper right of the framework, she needs to ensure that other IT managers pay attention to those on the lower left.

Use metrics to improve partnership with business units.

Metrics clarify decisions and improve credibility, but don't substitute them for non-quantifiable measures such as trust and partnership. Still, the right metrics can enhance relationships. Asking business unit executives what matters most to their annual compensation schemes can be very helpful. One CIO in the study asked his colleague: "I want to partner with you. What are your key measures of success and how can I contribute?" Although the CIO may not own the business metrics, he can share responsibility for joint action and build trust by being recognized as a contributor to a joint effort.

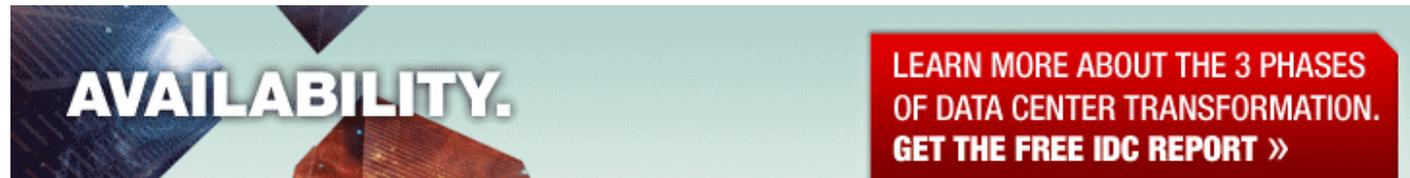
In summary, CIOs can improve IT organization credibility, relationships with business colleagues, and the

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strategic impact of IT by building a portfolio of measures that matter to key stakeholders--and then adjusting that portfolio over time so that they're able to move the value conversation beyond the two IT-specific starting cells.

Madeline Weiss is director of the SIM Advanced Practices Council.

A horizontal banner with a light blue background. On the left, there is a dark, abstract image of a data center with the word "AVAILABILITY." in large, bold, white, sans-serif font. On the right, there is a red rectangular box with white text that reads "LEARN MORE ABOUT THE 3 PHASES OF DATA CENTER TRANSFORMATION. GET THE FREE IDC REPORT >>".

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