

JUST

IT

*by David Pultorak
and Peter Quagliariello*

We recently delivered a presentation called “Justifying ITIL” to the Philadelphia-area chapter of the itSMF, the ITIL user group.

Despite the fact that this was only the group’s second meeting, almost seventy people attended in what was nearly a standing room only session. Attendees represented a range of the area’s major companies with most attendees new to ITIL, there to gain insight into how to justify ITIL adoption in their organizations.

We'd like to think that the exceptional attendance was due in large part to Fox IT's reputation and our excellent speaking skills, but it was probably due to two primary factors:

Awareness that IT service management and ITIL are growing rapidly among IT professionals in the United States; **Determination** of those same IT professionals to make a compelling case for implementing IT service management and ITIL in their organizations.

It's tough to argue with ITIL in principle. Even those with modest experience in IT operations recognize the sensibility of IT service management and ITIL. It's sensible to run IT as a service business; it's sensible to have clearly articulated commitments between IT providers and their customers; it's sensible that sound and repeatable processes are required to consistently deliver on commitments.

While ITIL's intangible benefits are clear and straightforward, tangible and measurable benefits ascribed to ITIL adoption are not always readily apparent. Specifically, the direct financial benefits of ITIL implementation—the benefits most people seem concerned with nowadays—are often difficult to calculate.

This surprises many IT professionals new to IT service management and ITIL, since ITIL has been around and in practice since the late 1980s when it was first introduced by the British Government. Despite ITIL's relative maturity and widespread adoption, there is little publicly available data on the quantitative benefits of service management. The most visible ITIL improvement story is probably that of leading consumer products company Procter and Gamble which lauds ITIL as the key to hundreds of millions of dollars in savings over several years. There are a handful of other such stories, though none with as prominent a brand name and as significant a benefit claimed.

One reason for the lack of data related to ITIL economics is that most adopters don't seem to be looking for hard-dollar results. Research regarding the motivation of ITIL adopters is limited and suggests that organizations pursue ITIL for primarily non-financial reasons. A European study by DMR revealed that reducing firefighting, minimizing recurring issues, responding more quickly to change, and introducing business-focused metrics to be top drivers for the adopter of organizations surveyed.

What Does "Doing ITIL" Mean?

The idea of implementing ITIL has broad connotations. We routinely learn about organizations that are "doing

ITIL" and in such cases, our immediate thought is "what are they actually doing?" Implementation of ITIL varies, sometimes quite widely, from organization to organization. It can mean anything from adopting some new terminology to completely reinventing the organization's mission and operations. It might focus on a single ITIL process or might include all ten. It might be staffed exclusively with internal resources or might rely heavily on expert assistance.

Ultimately, the approach taken to ITIL adoption will depend on the level of nature of that adoption. Organizations in the early, exploratory stages of ITIL implementation will likely be trying to rationalize ITIL as a concept and substantiate small scale initiatives with modest investments. As interest grows, the job becomes making a sound business case for more significant initiatives and investments. This a sobering task for which many IT folk are ill-prepared.

What is Justification?

Just as ITIL implementation has broad connotations, so too does justification. Merriam Webster defines the word "justify" as "to prove or show to be just, right, or reasonable." There are essentially two parts to this definition: the work of proving or showing and the matter of what is just, right, or reasonable. So let's explore ITIL justification in these two dimensions: what's right and how to prove it.

Demonstrating what is just, right, and reasonable will likely require evidence and the evidence will probably need to be relatively quantitative if it's going to be compelling. Unfortunately, most organizations don't have a quantitative sense of their performance before they implement ITIL. As noted in the DMR study, many move forward with ITIL because they realize it will help them instantiate the relevant and insightful performance metrics they are currently missing.

In the absence of pre-existing performance metrics, it's good to start with the critical success factors (CSFs) and key performance indicators (KPIs) defined in ITIL's "Planning to Implement Service Management" publication. These are essentially out-of-the-box metrics for an IT services organization and can be used as a self-assessment tool to help an organization gain a better understanding of its own performance. For example, ITIL suggests that a repeatable process for making Changes is a CSF for Change Management, and KPIs indicative of the repeatability of that process are the percentage fewer rejected Requests for Change (RFCs) and the percentage reduction in unauthorized Changes detected. In assessing an existing Change Management process, an organization may look at their

RFC rejection rate and rate of unauthorized Changes detected. Where data doesn't exist, some "back of the envelope" math based on intuition and rough calculation is appropriate. While this isn't scientific, it's a starting point and it will highlight gaps in management information that should be closed and can be addressed with ITIL.

Another very effective technique for highlighting potential ITIL improvements involves relating ITIL to organizational objectives. Regardless of the proposed commitment to ITIL, it's important to demonstrate how ITIL supports what the organization is ultimately trying to accomplish. This is generally a matter of decomposing the normally small set of strategic organizational objectives (e.g., "operational excellence" and "high customer satisfaction") into focused sets of tactical objectives and activities in support of that objective. This process will probably involve determining the drivers for these objectives and what they really mean. For example: Are our customers currently dissatisfied? How do we know that they're dissatisfied? Why are they dissatisfied? What steps must we take to improve satisfaction? As those tactical objectives and activities emerge, those closely related to ITIL should become clear.

Ultimately, the level of evidence gathered will need to be commensurate with the amount of scrutiny applied. In organizations that are comfortable basing their investments on intuition, this will probably be a quick exercise. In organizations that demand hard data, this will probably be a small project.

Once the work of determining the merits of ITIL implementation is complete, the focus turns to how to prove it. Compelling evidence is necessary, but not sufficient—preparation and presentation are key elements of any persuasive business case.

The appropriate presentation approach to justifying ITIL depends on the object of justification. The following table describes what we believe are the five major justification types based on the nature of the proposed initiative:

Type of Justification – Question to Answer in Making the Case

- ▶ **Concept Level**—Do we agree in principle that "doing ITIL" is the way to go?
- ▶ **Tactical improvement**—Should we invest in addressing a specific tactical problem?
- ▶ **Capability developments**—Should we invest in the capability that will enable further improvement?

- ▶ **Operating model changes**—Should we invest in changing our organizational structure, policy, standards, and practices?
- ▶ **Strategic reinvention**—Should we invest in changing the very mission and vision of our organization?

Let's examine each type in a little more detail:

Justifying ITIL at a Concept Level

The aim of concept-level justification is to gain buy-in that "doing ITIL" is a good idea in principle. It's not necessarily a matter of demonstrating the benefit associated with a specific initiative and is more a matter of building commitment for ITIL concepts and principles.

The first responsibility is to serve as a translator to the decision-maker(s). In his book, "The Articulate Executive," Granville Toogood describes translating as creating order from chaos, giving it direction and meaning. He advocates taking a firm position, backing-up that position with evidence, proposing a course of action, and pressing the case with conviction.

Positioning requires concentrating on the receiving side and ignoring the sending side. It's essential to know the decision makers and their decision criteria and to keep the message simple and straightforward.

Justifying Tactical ITIL-Based Improvements

Tactical improvement initiatives lend themselves to most standard cost/benefit approaches. The key is to begin with a well-defined initiative with very specific goals and scope. This will likely mean a focus on a single ITIL process or perhaps even a part of a single process. The IT project management Web site gantthead.com has an excellent collection of very good resources for justification of tactical projects.

Justifying Capability Development Initiative

Many ITIL initiatives are not about making direct improvements, but about putting the capability in place that is prerequisite to improvement. As noted above, many organizations have implemented ITIL because they want to instantiate more business-focused performance metrics.

Justifying capability development initiatives requires highlighting the new levels of performance that the capability will make possible, rather than the capability itself. ITIL's CSFs and KPIs can be valuable in this exercise as they can highlight gaps in quantitative performance measures that could be highly valuable to the organization.

The fact that many aspects of ITIL implementation are capability development initiatives explains in part why it's so tough to justify ITIL based exclusively on economics. ITIL service management processes themselves are operations management processes that underpin and thus are one step removed from the services they support.

Justifying Operating Model Changes

This category of proposals is primarily concerned with gaining agreement on policy such as the use of shared definitions, processes, approaches, management systems, and tools.

In presenting this case, the emphasis is on the benefit of alignment and standardization and the cost of continuing with business as usual. Again, the ITIL CSFs and KPIs can play a role in helping to quantify the current state. Beginning with back-of-the-envelope measures (e.g., cost-per-change, cost-per-call, time to deploy a patch) are usually the most effective in this case.

Justifying Strategic Reinvention

Strategic reinvention is much more than a transactional investment; it's a complete reconception that typically requires a very long journey. While much value can be mined from applying ITIL concepts to solve tactical problems, ITIL and the root concept of IT service management, represent a fundamental paradigm shift for many organizations.

The case for strategic reinvention is best made to visionaries in the organization because a broad vision is ultimately what's being proposed. Emotional buy-in is essential because of the magnitude of the proposed change. As noted by Thomas Kuhn in "The Structure of Scientific Revolutions," each paradigm shift requires the community's rejection of one time-honored theory in favor of another incompatible with it. Each produces a consequent shift in the problems available for scrutiny.

The key to justifying a paradigm shift is to make clear that the current theory of business is incompatible with the new order and will continue to degrade in its effectiveness. Reinvention must be positioned as a priority upon which future success is dependent.

Summary

It's good to remember that thousands of companies around the world have implemented IT service management based on the ITIL framework and those that have planned and executed their implementations well have been very satisfied with both the tangible and intangible benefits

derived (a recent Gartner report supports this.) The even better news is that the amount of quantitative data on the benefits of ITIL will undoubtedly grow as more metric-driven U.S. companies adopt ITIL.

While ITIL justification will never be formulaic, we've attempted to demonstrate that it's not difficult if justification criteria is known, the right evidence is gathered, and a case is prepared that is appropriately tailored to the decision makers.

Resources

- ▶ The ITIL Web site
"http://www.itil.co.uk" www.itil.co.uk)
- ▶ "ITIL Planning to Implement Service Management" by Kathryn Pizzo and Vernon Lloyd
- ▶ "The Articulate Executive" by Granville Toogood, Ganthead.com
- ▶ "The Structure of Scientific Revolutions" by Thomas Kuhn



David Pultorak is president North American Operations for Fox IT (us.foxit.net), a leading global specialist in ITIL consulting and education. David has contributed to ITIL, and has been helping many leading companies improve results with ITIL since 1997. David's most recent ITIL-related recent publications include a chapter in the "IT Service Management: Volume One" (Addison-Wesley 2002), and co-authorship of the popular "MOF, a Pocket Guide" (Van Haren Publishing 2003).

Peter Quagliariello is General Manager, North American Operations for Fox IT. Peter is an experienced business manager with a background in practice and operations management in IT consulting firms. He began his IT consulting career as a project manager for an IT services firm, and has also held management roles in marketing, healthcare, and manufacturing companies. Peter is co-author of "MOF, a Pocket Guide".