

# How to govern an information systems department

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## **A practical guide for turning information and communication technology (ICT) into a source of value for companies.**

Without information there is no communication, and without communication there is no success. This is the equation presented by IESE professors [Sandra Sieber](#) and [Josep Valor](#) and economist Valentín Porta in "[Gobierno del departamento de tecnologías de la información y comunicaciones](#)" ("Governing the Information and Communication Technology Department"), a practical guide to ensuring that the use of information and communication technology (ICT) leads to success in business.

The first step is to refine the opinions that many companies have about the information systems (IS) department and to bring an end to the belief that it is a cost center rather than an investment that can add value to the company.

The IS department is an organizational unit responsible for information technology and systems. In any company, these systems undergo a similar cycle: they begin as innovation, and then provide a service. In these first two stages they are an expense; eventually, they become a source of income. The evolution of the Internet exemplifies this cycle: it has gone from being a luxury item to becoming an element of value for the company at a multitude of levels.

## **Organization and management**

One of the difficulties facing ICT departments is how to define the kind of relationship it

should maintain with other departments. Should it be at the highest level of the organization chart or depend on another unit?

The authors suggest that all companies, regardless of size, should create a governmental body to ensure the proper functioning of the department. This body should be made up of members of the management committee, who would have the highest authority; a specific ICT committee, which would assess the technological development decisions; and a technological innovation committee. The authors underline the importance of clearly defining each unit's areas of responsibility and medium-term objectives.

To ensure the smooth running of the IS department, its manager, called the CIO (Chief Information Officer), needs a series of instruments. Cost-allocation models, service-level agreements (SLAs), project monitoring tools, reports, and participation and information systems, such as common intranets, are the most relevant.

But the main system used by the ICT manager is the balanced scorecard (BSC), which offers a summary of the department's performance over a given period.

The BSC is a system of indicators organized into four areas: finance, customers, internal processes, and learning and growth. According to the authors, a well-designed BSC must align all organizational resources to accomplish objectives, identify the key processes that lead to success, point out future economic trends and encourage actions that create value.

Naturally, employees must not remain outside this system. It is the responsibility of the ICT director to provide for the development of skills that people in the department will need in the future and ensure that all employees are using their skills appropriately to avoid frustration.

One of the most effective ways to determine and measure the needs of workers is to build a career plan. The aim is to establish goals that employees must meet in order to advance professionally throughout their working lives. To help them, IS managers should bring their collaborators' technical knowledge and skills up to date, providing new job opportunities and improving the quality of their working lives.

## **The area manager**

In recent years, the IS manager has gained importance due to the area's increased contribution to company results. Therefore, the functions of the CIO have increased and diversified.

According to the authors, the CIO must possess strong leadership skills, both to build a good internal team and to participate actively in the business transformation process. The CIO must also be able to define and convey a management model and a convincing information-systems proposal associated with it, as well as mobilizing the various bodies involved in the business transformation process.

Therefore, the ICT manager should be creative, motivational, capable of negotiating, and firmly committed to service and quality. These characteristics will, to a large extent, ensure the smooth running of the department.

Given the vital role this department plays in the success of the business, the authors recommend that the ICT manager must be part of, or at least be represented in, the company's management committee.

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