

**Chapter****3**

## The First 90 Days

*by Mark Egan*

*Mark Egan describes the most important period in a CIO's career—the first 90 days. This is a honeymoon period during which executive management and the board of directors may be most receptive to the new CIO's needs and concerns, including requests for special resources like staff and funds to help the new CIO get a good start. It is also the only period in which the new CIO has the advantage of a “third-party” view of the IT organization; soon enough, the new CIO must begin demonstrating real value and return on investment while effectively handling day-to-day operational problems.*

*In this chapter, Egan explores*

- *The importance of identifying issues and concerns within the IT organization that were not discussed during the hiring process.*
- *The three major areas on which the new CIO should focus.*
- *The importance of developing a tactical plan to address time-critical issues and decisions.*
- *How to conduct an IT organizational analysis leading to recommendations.*
- *The importance to developing a two-year strategic plan for IT.*

- *Why the first 90 days is a great opportunity to make sweeping changes within the company and IT organization.*
- *Why it is important to establish a rapport with management during this early phase.*
- *The importance of building management support to implement your recommendations.*
- *The importance of communication during this timeframe, especially in clarifying what you plan to accomplish and when.*

*This chapter highlights the importance of establishing an overall plan that balances strategic and tactical issues. Many of the issues touched on here, such as strategic planning, IT infrastructure, management, and leadership, are explored in more detail in later chapters.*

I had just started my new CIO job and settled into my large corner office with a great view of the water. The job search had been a long one, almost six months, as the market was more competitive due to the demise of the Internet boom. I'd been able to negotiate a good package and was confident this was the right company for me, one in which I could make a difference and have a real impact on the business.

The phone rang; it was my boss, who wanted to discuss a few issues we hadn't had the chance to discuss during the interview process. On the way to his office, my operations manager stopped by to let me know that our ERP system had just crashed, and although they were not sure what happened, they were working hard to bring the system back online. My boss started out by welcoming me to the company and saying how happy he was to have me on board. He then mentioned that we'd had a security breach the previous week and that the board of directors wanted me to present my recommendation at their next meeting the following week. He also mentioned that we were spending way too much on IT and that he would like my recommendations on how we could cut the budget by 20 percent. On the way back to my office I ran into my applications manager, who gave me his resignation because he was upset about not being considered for my job and had found another position.

The question at this point was, What am I going to do? The honeymoon had just ended, and the perfect job was now looking somewhat different from what I had expected. The bottom line, however, was that

the company had hired me because it had some problems, and it was up to me to turn the situation around.

## ► Key Takeaways

- The first 90 days is the most important period in your CIO career at a new company.
- Expect to find many issues and concerns within the IT organization that were not discussed during the interview process.
- Focus on three major projects: a tactical plan to address time-critical issues and decisions, an IT organizational analysis with recommendations, and an IT strategic plan for the next two years.
- The first 90 days is a great opportunity for you to make sweeping changes within the company and the IT organization.
- Establish a strong rapport with management during this time-frame, as you will need management support to implement your recommendations.
- Communication is essential during this period, as you need to be very clear on what you plan to accomplish and when.

## ► Overview

The first 90 days is the most important period in your career at a new company. You need to quickly assess the current situation and develop a corrective plan. You can also develop a strategic plan, as management does not expect a large number of improvements to be accomplished during this period. It is a great opportunity to establish a strong rapport with the management of the new company and create a positive first impression.

The remaining portions of this chapter explore the key components of the first 90 days:

- 90-day tactical plan

- IT organizational analysis and recommendations
- IT strategic plan

These are the essential areas that you need to focus on during this time-frame. Each topic is reviewed in detail, and examples are provided to assist in the process.

## ► Ninety-Day Tactical Plan

It would be nice to be left alone for the first 90 days. The reality, however, is that your boss hired you because your organization has real-world problems that must be quickly addressed. You need to be responsive to the fact that your ERP system is going down and no one seems to know why. You have to be prepared to present to the board of directors on your recent security incident and explain what you are going to do about it. And you have a significant staff opening that you need to address before you have had a chance to fully evaluate the organization. At this point, I would caution you to resist the natural urge to go completely into tactical mode. You will be able to address some of the burning issues, but you need to balance this against the long-range strategic goals of the IT department.

I recommend that you develop a 90-day tactical plan that includes the following:

- High visibility issues that must be addressed immediately.
- Critical decisions that cannot be postponed.
- Quick wins that can be accomplished and gain management support.
- Major architectural decisions and large expenditures that can be deferred until the overall IT strategy has been developed.

This tactical plan sends a message to management that you are aware of the key issues and have plans to address them now. It also gives you an opportunity to establish a rapport with management who may not be pleased with the IT organization and to show that you can make a difference.

In my initial discussions with management, I make a point of understanding their future business strategy along with existing pain points. I look for “quick wins” that can be accomplished during the first 90 days that can gain some management support for longer term strategic initiatives. Be sure to identify business champions of new IT initiatives, as they will need to drive the funding process. This is a very delicate balance between devoting time to immediate tactical issues and developing the overall IT architecture.

Communication is a very important during the first 90 days; I try to “overcommunicate” whenever possible, including both good and bad news. Further, I spend a great deal of time with both management and IT staff in order to fully understand current circumstances before drawing any conclusions. One technique that I have found effective is to develop a consistent status report to communicate the progress during the first 90 days. This fosters communication using a common methodology and minimizes misunderstandings. An example of a project report template that can be tailored for your organization is provided in Figure 3–1.


<b>Project: ERP Stability</b>		<b>Project Review Dates</b> Last: July 1, 2003 This: Aug 1, 2003 Next: Sept 1, 2003																									
<b>Strategy:</b> Stabilize ERP system and avoid system down time during regular business hours.		<b>IT Project Owner:</b> Applications																									
		<b>Customer-/Department:</b> Finance and																									
<b>Results Last 30 Days</b> <ul style="list-style-type: none"> <li>• Replaced faulty hardware components</li> <li>• Applied several system patches</li> <li>• Provided refresher training classes for end users</li> </ul> <b>Plans Next 30 Days</b> <ul style="list-style-type: none"> <li>• Implement system monitoring system</li> <li>• Schedule down time for next weekend to upgrade hardware</li> <li>• Implement high priority applications changes</li> </ul> <b>Items for Attention</b> <ul style="list-style-type: none"> <li>• Major software upgrade required in future</li> </ul>																											
<b>Project Milestones</b> <table border="1"> <thead> <tr> <th></th> <th>Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>• Address faulty hardware components</td> <td>July 1</td> <td>100%</td> </tr> <tr> <td>• Complete refresher training class</td> <td>July 1</td> <td>100%</td> </tr> <tr> <td>• Implement systems monitoring</td> <td>Aug 1</td> <td>50%</td> </tr> <tr> <td>• Schedule weekend for systems maintenance</td> <td>Aug 1</td> <td>75%</td> </tr> <tr> <td>• Plan upgrade to new version of software</td> <td>Sept 1</td> <td>10%</td> </tr> </tbody> </table>			Date	Status	• Address faulty hardware components	July 1	100%	• Complete refresher training class	July 1	100%	• Implement systems monitoring	Aug 1	50%	• Schedule weekend for systems maintenance	Aug 1	75%	• Plan upgrade to new version of software	Sept 1	10%	<b>Budget</b> <table border="1"> <thead> <tr> <th></th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td>• Consulting</td> <td>\$ 50K</td> </tr> <tr> <td>• Hardware</td> <td>\$100K</td> </tr> </tbody> </table>			Amount	• Consulting	\$ 50K	• Hardware	\$100K
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Figure 3–1 Project report template.

This template includes key information such as objectives, recent results, and upcoming milestones. Project reports of this kind can be used to monitor progress on key issues as identified by management.

You can consider yourself successful in your first 90 days if you have accomplished the following:

- Addressed some of the current pain points within the organization.
- Established a rapport with key members of management.
- Set up a consistent mechanism for tracking status of projects.
- Avoided the urge to make major architectural decisions until you have conducted adequate research.

The last point to keep in mind is that because no two companies are the same, you will have to customize your tactical activities. The key objective is to immediately make a positive impact on the organization while you are developing your strategic plan. Executive management will probably not remember exactly what you did in the first 90 days, but rather that you addressed some key issues and put together a long-term strategy.

## ► IT Organization Review

Having a strong IT organization is the foundation for accomplishing your objectives. In order to get anything done, you need a strong team that is well aligned with the business. It is extremely important that you critically evaluate the overall structure and staff of the organization during the first 90 days and make the necessary adjustments.

Common problems within IT organizations include the following:

- Dysfunctional structure with unclear roles and responsibilities.
- “Rogue” IT organizations established by departments who are unhappy with services provided by IT and decide to form their own organization.
- Ineffective team members.

- Poor teamwork within the IT team and/or the business overall.
- Lack of IT alignment with business.

In initial discussions with management, I make a point of discussing their opinions of existing IT staff and the service currently provided. I also discuss their preferences for service in the future. Companies vary considerably, and you must align the IT organization with business preferences.

IT organizational structure can have many forms. The model in Figure 3–2 can serve as a starting point for designing the future organizational structures:

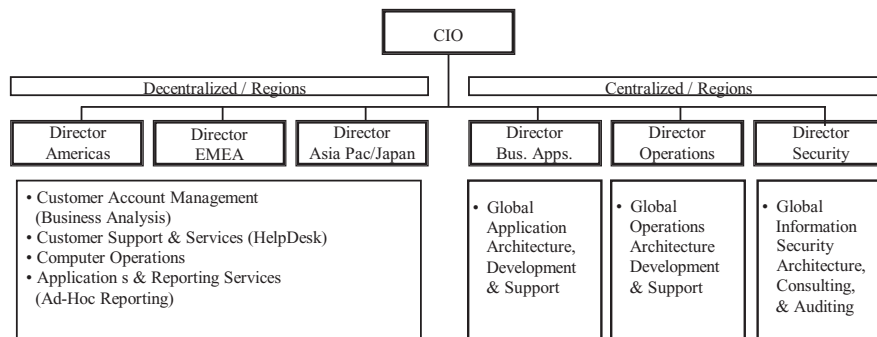


Figure 3–2 IT Organizational model.

Key organizational concepts that I follow when designing the organization I want include the following:

- Establish a customer-focused IT organization.
- Align IT organization with internal customers.
- Provide customers with a single point of contact for IT services.
- Make it *very* easy to do business with IT.
- Provide customers with the highest level of service possible.
- Ensure each department within the IT organization has a customer.
- Achieve a healthy balance of centralized/global and decentralized/regional functions within the organization.

Companies normally follow a centralized or decentralized organization model, and the IT organization needs to align with this structure. The actual details of IT structure are secondary to ensuring the organization provides the best service possible to its internal customers. Within IT, be sure to establish very clear roles and responsibilities; this allows you to focus on delivering services to your customers rather than on deciding who is responsible for addressing a particular issue.

The following provides some guidelines on assigning functions to the different organizational models.

**Centralized/Global:** Functions that need to be consistent on a global basis, including the following:

- Information security, due to the high risks of systems being compromised.
- Enterprise business applications development, as you should avoid multiple systems such as ERP.
- Network design and management, so you can deliver seamless systems access on worldwide basis.
- Email administration, to enable communication across the company.
- Other shared infrastructure components, such as the network, as appropriate.

**Decentralized/Regional:** Functions that require close coordination with internal customers, including the following:

- Business analysis, as business practices and regulations vary around the world, and the IT solutions must address these needs.
- Help desk and end-user support, so that you can be responsive to internal customers.
- *Please note* that decentralized functions should still follow global standards whenever possible, to reduce costs and improve service

**Hybrid Model:** Balances both centralized and decentralized functions and provides both global consistency and regional responsiveness.

I generally design the new organization first and then evaluate the existing staff to determine how well they can fill the new roles. This approach helps you avoid being constrained by your existing staff and gives you an opportunity to review the model with internal customers



and existing staff without regard to staff who may be moved into these roles.

The final step is to match up the existing staff with the various roles in the new organization. I recommend that you very carefully evaluate your existing staff, as it is very likely that they will not be able to fill all the new roles effectively. Do not expect to have all the staff in place within 90 days, but rather to define the organization's structure and identify any missing talent. I also recommend that you address as many issues as you can during the organization design as opposed to reorganizing the IT group multiple times over the course of the year. Reorganizations are very time consuming and distract the staff from their primary responsibility of delivering services to their internal customers.

Make sure you communicate about the process of reviewing the IT organization and announce its new structure. This process can be very time consuming, and team members will be very apprehensive about their new roles within the organization. Further, this is an excellent time to instill some core values in the IT organization, both by example and directly. I have outlined some recommendations in the following.

- IT must be passionate about providing the best service possible to its internal customers.
- Support for internal and external customers is the sole reason for IT's existence.
- Decide and act with a sense of urgency.
- Strive for excellence through continuous improvements.
- Commit to learning and the application of intellect.
- Believe in the collective strength of teamwork.
- Make aggressive commitments and meet them.
- Communication is a two-way process; do it openly, constantly, and effectively.
- Encourage the team to develop a healthy balance between work and home life.
- Act always in the highest standards of honesty, integrity, and professionalism.

The first 90 days constitute an excellent opportunity to making sweeping changes in the IT organization, and your ability to obtain management support is high. The IT organization must be aligned with the

business, and the appropriate organizational model will vary dramatically from company to company. IT is a services organization, and you need to provide service in the manner that your internal customers prefer and expect.

## ► IT Strategic Plan

Developing and maintaining an IT strategy is essential to the success of the organization. The IT strategic plan is the roadmap for transforming the systems within a company, and you must communicate the plan in simple terms that can be understood by a nontechnical audience. You should also communicate the process that you plan to follow in developing the strategic plan.

The process for developing a strategic plan should include both an assessment of the IT environment as is and a vision of the IT environment to be. The five-step process shown in Figure 3–3 can be used in creating the IT strategic plan.

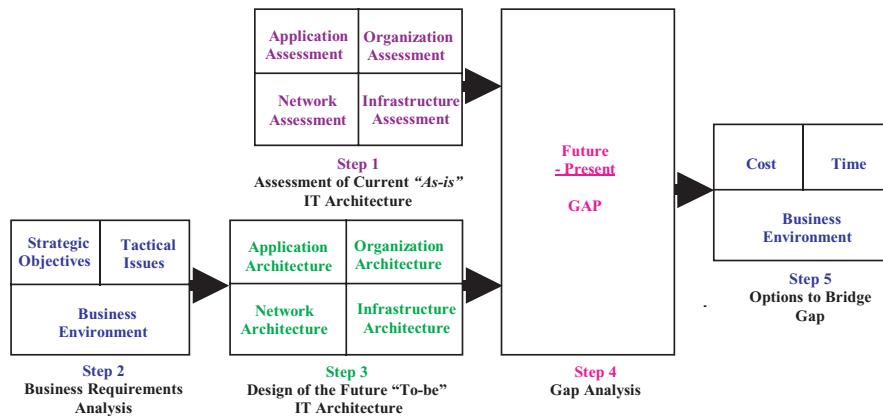


Figure 3–3 IT architecture approach and methodology.

### Step 1

Assess the current IT architecture to determine its present state. The objective of this step is to become familiar enough with the existing

environment to understand the current issues and architecture. This should not be an exhaustive documentation of the existing environment, as that level of detail is not required and frankly wastes a lot of time. Questions that you need to answer during this step include the following:

- What business applications are being used to support the major requirements for the company (for example, ERP)?
- How well do these applications meet business needs?
- What is the network topology for the company, and what business needs are not being met?
- How well does the current IT organization support internal customers?
- How reliable is the current computing infrastructure?

## Step 2

Determine current and future business requirements for the IT organization. The majority of this analysis consists of interviews with key management within the company. This includes evaluating the following three areas:

### Business Environment

- What is the company's line of business?
- What changes are expected in this industry over the next couple years?
- What unique systems challenges or opportunities exist?

### Strategic Objectives

- What are the company's long-range strategic goals?
- What major initiatives are expected over the next 12 to 18 months?
- What are the systems and services requirements for meeting these objectives?

### Tactical Issues

- What are the shorter term tactical issues for the company?
- What are the automation alternatives?

### Step 3

Evaluate the possibilities for the environment to be, based on the company's business objectives and needs. The initial analysis should be broad and unconstrained, as the goal is to define a long-range plan that will later be constrained by what the company is willing to invest. Examples of elements within your description of the future environment might include the following:

- Changes and/or upgrades to enterprise applications, such as the introduction of an integrated CRM system.
- Outsourcing of key components of the IT infrastructure for cost or competitive reasons.
- Reorganization of the IT group.
- Improvements to the network to improve customer satisfaction and reduce costs.

### Step 4

Conduct an analysis of the gap between the current state and future state to determine the optimal future environment. This is the most important step in the process, as you need to develop a good list of alternatives for management. I rely heavily on my peer group for suggestions in this area, as they have often faced similar challenges and I place a lot of trust in their opinions. I also consult with independent research analysts such as META Group to validate these peer recommendations and gain additional insight into possible solutions. Finally, I work with suppliers to understand their current product offerings and future strategies. The goal of this step is to compile a list of alternatives for step 5.

### Step 5

Present management with alternative approaches for transforming the IT environment. These alternatives must be stated in business terms and specify the ways in which they will enable the company to accomplish its goals, which may include the following:

- Increase revenue.

- Improve staff productivity.
- Improve customer satisfaction.

Each alternative must also be explicitly clear about what is being proposed, how much it will cost, and how long it will take to deliver. I usually float these alternatives to the management to test their acceptance during the course of the first 90 days rather than wait until the end, as some of the changes being proposed may not be acceptable to them or the costs may be beyond what they are willing to invest in IT.

## ► IT Architecture Blueprint

The final IT architecture must be easily understood by management and address critical business objectives. In developing the architecture, be sure to establish overall guiding principles that will be followed when migrating to systems built upon it. Some recommendations for these guiding principles are outlined below:

- Speed and flexibility are absolutely essential.
- Adopt proven leading-edge technologies.
- Balance packaged solutions with internal development to meet legitimate customer needs.
- Prefer integrated solutions from a single supplier over multisupplier best-of-breed solutions.
- Use comprehensive architectural planning to ensure that all elements of the total IT solution are defined and planned.
- Design solutions for global operations from the outset rather than local solutions that are later to be “enhanced” for “international idiosyncrasies.”
- Organize IT to ensure local responsiveness and global consistency.
- Focus on internal IT core competencies to address essential value-added activities and outsource other IT activities.
- Manage all of the company’s data as a corporate asset, beginning with customer information.

## Architecture Overview

The overall IT architecture for most companies can be described using the diagram in Figure 3–4. The back-end or ERP systems, front-end or CRM systems, and management reporting or data warehousing systems are key components of any overall architecture. These major applications are also supported by a collaborative applications environment, or workflow package such as Lotus Notes, and everything runs on the IT infrastructure.

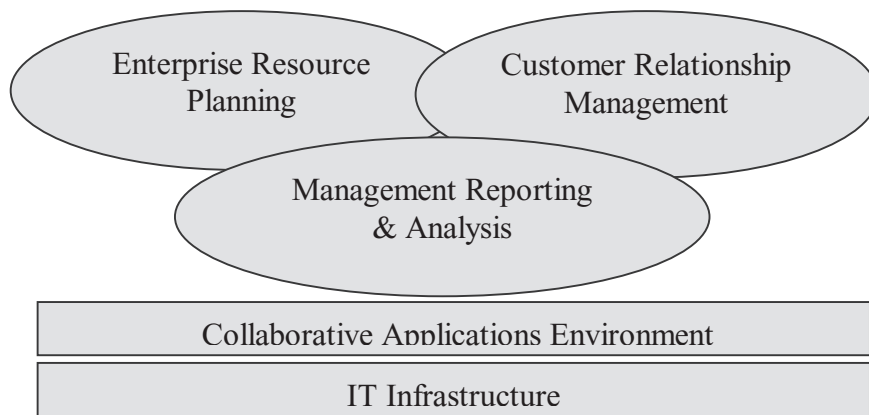


Figure 3–4 Overall IT architecture.

Be sure to start with very simple, high-level, diagrams that convey your ideas, followed by additional levels of detail. Normally, at least one of these major areas, and possibly more than one, has serious issues that must be addressed. If you start with a diagram of the overall computing environment, it is easier to drill down and explain the issues to the management of the company.

## ► Management Recommendations

The first 90 days is your best opportunity during your career at a company to recommend bold, sweeping changes to existing systems. You have been hired because things are not working well; management is looking for you to tell them what needs to be done. You need to seize

this opportunity now and make significant recommendations, as you will never get as good a chance again.

Management must be provided with a list of alternatives for migrating to the future systems environment along with the costs, benefits, and timeframes of each. As previously noted, the recommendations must be presented in business terms and address three major areas: revenue, staff productivity, and customer satisfaction.

Two final points on IT architecture: Set realistic expectations and don't overcommit. The costs associated with your recommendations are going to be significant and will normally require board approval. You must deliver on these commitments.

## ► Pulling It All Together

The results of your efforts during the first 90 days should be summarized in a strategic plan for the IT organization. This plan serves as the roadmap for the next one to two years. You need to maintain a high level of communication during this timeframe and test your recommendations to determine management acceptance.

The actual document should contain the following information and features:

- A management summary that is 25 pages or less.
- A summary of the process used to develop the architecture.
- Alternative solutions based on bold recommendations.
- Roadmaps for implementation.
- Highly graphical presentation.

My recommendation is to use the first 90 days to turn the IT organization around and set the company on course for the development of its future system architecture. Ninety days is enough time to get things on track and start making visible progress. Remember always: You would not have been hired if things were going well. Your situation at your new company is an opportunity to excel rather than a problem that needs to be fixed.

