World Class IT Service Delivery

Peter Wheatcroft
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About the author

Peter Wheatcroft is a specialist in service transformation and has consulted widely in this area since 2002. He has recently been working with a large number of blue-chip companies to improve the management of their IT departments, leading to the establishment of flagship service standards in the UK, and these assignments have been the stimulus to write this book.

Before becoming independent, Peter was director of commercial and information management for Alliance & Leicester plc, where his responsibilities encompassed the business management of information services, including financial, supplier and technology partnerships and the attainment of world-class status for IT services and processes. Before that, he was the director of technology services responsible for integrating operational IT activities of the different group businesses – Alliance & Leicester, Girobank and Sovereign Finance – into a coherent unit that was externally benchmarked as ‘best practice’, including winning three Chartered Institute of Bankers (CIB) awards and commendations for technological achievement and also acknowledged by management, customers and staff. Until 1986, Peter was responsible for developing and delivering IT and IS services for the National Coal Board (NCB) South Yorkshire area.

He has a BSc in electrical and electronic engineering and is a chartered engineer and a chartered IT professional, holding fellowships from both the Institution of Engineering and Technology (IET) and the British Computer Society (BCS). He has been an active contributor to the Skills Framework for the Information Age (SFIA) and Industry Structure Model (ISM) career and skills development schemes for the BCS, and has refereed and subsequently judged the BCS IT Professional Awards since 2002. He is a member of the Chartered Management Institute and also a corporate member of the British Quality Foundation.

His papers and articles have been published in a number of trade journals such as Service Talk, Computer Weekly, The Computer Bulletin, Support World, Biosmagazine, Computing Business and The Times.
# Abbreviations

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<th>Description</th>
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<td>APM</td>
<td>Alignability Process Model</td>
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<tr>
<td>B2C</td>
<td>business to consumer</td>
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<td>BCS</td>
<td>British Computer Society</td>
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<tr>
<td>BIA</td>
<td>business impact agreement</td>
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<tr>
<td>CI</td>
<td>configuration item</td>
</tr>
<tr>
<td>CIB</td>
<td>Chartered Institute of Bankers</td>
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<td>CIO</td>
<td>chief information officer</td>
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<td>CIS</td>
<td>customer information system</td>
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<tr>
<td>CITP</td>
<td>chartered IT professional</td>
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<tr>
<td>CMDB</td>
<td>configuration management database</td>
</tr>
<tr>
<td>CMMI</td>
<td>Capability Maturity Model Integration</td>
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<td>CobiT</td>
<td>Control Objectives for Information Technology</td>
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<td>CSF</td>
<td>critical success factor</td>
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<td>CSR</td>
<td>corporate social responsibility</td>
</tr>
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<td>CTQ</td>
<td>critical to quality</td>
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<td>DBA</td>
<td>database administrator</td>
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<td>DCF</td>
<td>discounted cash flow</td>
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<tr>
<td>DMAIC</td>
<td>define, measure, analyse, improve and control</td>
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<td>DR</td>
<td>disaster recovery</td>
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<td>DRT</td>
<td>design review team</td>
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<tr>
<td>ECDL</td>
<td>European Computer Driving Licence</td>
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<td>EFQM</td>
<td>European Foundation for Quality Management</td>
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<td>ERP</td>
<td>enterprise resource planning</td>
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<td>EXIN</td>
<td>Examination Institute for Information Science</td>
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<td>FAST</td>
<td>Federation Against Software Theft</td>
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<td>FMEA</td>
<td>failure modes and effect analysis</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>HR</td>
<td>human resources</td>
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<tr>
<td>ICT</td>
<td>information and communications technology</td>
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<tr>
<td>IET</td>
<td>Institution of Engineering and Technology</td>
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<tr>
<td>IP</td>
<td>intellectual property</td>
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<tr>
<td>IRR</td>
<td>internal rate of return</td>
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<td>IS</td>
<td>information services</td>
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<td>ISEB</td>
<td>IS Examinations Board</td>
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<td>ISM</td>
<td>Industry Structure Model</td>
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<td>ISMS</td>
<td>information security management system</td>
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<td>ISO</td>
<td>International Organization for Standardization</td>
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<td>ISP</td>
<td>internet service provider</td>
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<td>ISQW</td>
<td>Information Systems Quality at Work</td>
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<td>IT</td>
<td>information technology</td>
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<td>ITGI</td>
<td>Information Technology Governance Institute</td>
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<td>ITIL</td>
<td>Information Technology Infrastructure Library</td>
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<td>ITSM</td>
<td>information technology service management</td>
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<td>KPI</td>
<td>key performance indicator</td>
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<td>LAN</td>
<td>local-area network</td>
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<td>MIS</td>
<td>management information system</td>
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<td>MOT</td>
<td>moment of truth</td>
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<td>NPfIT</td>
<td>National Programme for information technology</td>
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<td>NPV</td>
<td>net present value</td>
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<td>ODI</td>
<td>organizational design indicator</td>
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<td>OGC</td>
<td>Office of Government Commerce</td>
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<td>OLA</td>
<td>operational level agreement</td>
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<td>PC</td>
<td>personal computer</td>
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<td>PDA</td>
<td>personal digital assistant</td>
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<td>PIR</td>
<td>post-implementation review</td>
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<td>QMS</td>
<td>quality management system</td>
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<td>RFID</td>
<td>radio-frequency identification</td>
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<td>ROI</td>
<td>return on investment</td>
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<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>SCM</td>
<td>supply chain management</td>
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<td>SFIA</td>
<td>Skills Framework for the Information Age</td>
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<td>SIP</td>
<td>service improvement programme</td>
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<td>SLA</td>
<td>service level agreement</td>
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<tr>
<td>SLM</td>
<td>service level management</td>
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<td>SQI</td>
<td>service quality improvement</td>
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<tr>
<td>SSL</td>
<td>Secure Sockets Layer</td>
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<tr>
<td>TCO</td>
<td>total cost of ownership</td>
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<tr>
<td>VOC</td>
<td>voice of the customer</td>
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<tr>
<td>VoIP</td>
<td>Voice over Internet Protocol</td>
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<tr>
<td>VPN</td>
<td>virtual private network</td>
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</table>
Introduction

A backlash at shoddy customer service and unrelenting sales pitches is hitting British business where it hurts most – on the bottom line – warns a 2006 report from the National Consumer Council. ‘The Stupid Company: How British businesses throw away money by alienating consumers’ reveals a sorry picture of businesses over-promising and under-delivering, treating customers in a clinical and patronising way, and being incapable of getting the most basic things right. Too often they focus on making a quick profit at the expense of the longer-term relationship.

National Consumer Council
6 February 2006

Service is not a product. Unlike a manufactured article, service cannot be made by the thousand, pre-packaged and sold on at a discount. And also unlike a manufactured article, it cannot be stolen or disassociated from its creator. This is why service is a largely misunderstood part of the IT delivery chain. It is often confused with operations, derided as being the province of backroom staff, and yet it accounts for the greatest proportion of IT customer complaints when delivery does not match expectations. Of course, it could be argued that customer expectations might be wrong – but setting such aspirations in the first place is actually part of the IT service delivery cycle since, unlike its product counterpart, service involves the customer in the transaction. The 2006 report published by the National Consumer Council from which the above extract is taken explains just that.

Service delivery is more important now than at any time in the past, because not only is the IT environment getting more complex – with multiple technologies supporting each system – but the end-user has changed as well. As a supplier, IT has now become like the retail trade by providing services directly to the person in the street. And as any retailer knows only too well, the service experience, on which the customer will rate you, goes way beyond what is just being bought from you. Service intimately involves the person you are dealing with – it has become a highly cooperative transaction. So how should this affect how we manage IT services – and our customers?

This book explains why management of the customer is vital to both the actual and perceived success of overall IT service quality and guides the reader through the processes and techniques available to define and then deliver an appropriate level of IT service. Some readers will already have considered particular topics and have addressed the points raised – if so, this is commendable. The structure has been generated to allow the reader to
concentrate on particular areas of interest, rather than like a novel, where you cannot read chapters out of sequence without spoiling the plot.

What became clear when this book was being written is how few companies in the UK have taken on board all the factors necessary to achieve consistent world-class service delivery. This is partly down to education and partly down to motivation – knowing what to do and then having the energy to do it. I hope that the contents will be of value to practitioners and their managers as well as anyone involved with training, planning or consultancy.

Peter Wheatcroft
Defining world class

The terms ‘world class’ and ‘best practice’ are often used interchangeably to describe the attainment level of a particular IT organization or service offering. However, they do not mean the same thing at all and it is important that the differences between these two terms are understood. This chapter defines ‘world class’ and ‘best practice’ as well as the relationship between them and then goes on to show how they can both be used to govern IT service delivery. A number of concepts and models are introduced, starting with some well-known examples from outside IT and concluding with an accession model developed by the author specifically for IT services departments.

WORLD CLASS VERSUS BEST PRACTICE

Imagine that you are a keen golfer. You have the opportunity to visit a variety of golf courses each month and so are developing a respectable handicap. Each course that you visit has defined the number of strokes that it will take a good golfer to get round in and this is universally known as par – as in the expression ‘par for the course’. Terminology can get complicated here, since there can also be a standard scratch score defined for each course, but for the sake of simplicity this explanation will focus on par as meaning the expected standard of golfing achievement. Par for the course is the golfing equivalent of best practice and the measure of how much individual players differ from best practice is known as a handicap – so someone with a handicap of 16 would be expected to get round a par 80 course in 96 strokes in order to justify that handicap. The smaller the handicap, the better the player has to do in relation to the course par until the standard of achievement is such that he can get round exactly on par – having become a scratch golfer with a handicap of 0.

In the analogy above, a scratch player is achieving best practice as a golfer and you can see how this example can be interpreted in relation to IT service delivery. The gap between your current level of performance and the best-practice standards defined for service delivery is a handicap because it describes a shortfall in service quality and, just like in golf, this shortfall can be quantified by means of benchmarking, as explained in Chapters 3 and 8.

But the standards of service required for your organization may not be satisfied by best practice alone. Someone had to set par for the golf course you play on each month and this person can probably get round the course in even less than the defined number of strokes – and do so consistently. This expert has a positive handicap, which is used to rank their performance in competitions, where professional golfers usually play for high stakes. Getting
round a course in less than the established par rating is the province of world-
class golfers, and these are the people who define professionalism.

So world class sets the standards that govern best-practice developments.
World class is the province of a defined elite that not only set the standards
for others to follow but are consistently in competition with each other to
produce ever higher levels of achievement, for which the winners get rewar-
ded but the followers do not. This is the differentiator between IT service
excellence and IT service good practice – just like the distinction between a
professional and a leisure golfer. This is world-class IT in action.

INDUSTRY DEFINITIONS OF WORLD CLASS

World-class achievements are not just confined to golf, and neither are
they an esoteric concept. The issues and characteristics of organizations
that strive to achieve outstanding service performance can be analysed and
measured, and a number of important models that do this are outlined in
this chapter. But before looking at the models, it is useful to look at how
world class has been defined more generally. For instance, the Government
Accountability Office in the USA defines world-class organizations as being
‘recognized as the best for at least one critical business process and are held
as models for other organizations’. In contrast, The Bridgefield Group, which
specializes in quality management and performance measurement systems,
defines world class as being ‘a general term for a high level of competitive
performance as defined by benchmarking and use of best practices’. And
not least of all, Wikipedia – an online collaborative encyclopaedia – defines
world class as ‘ranking amongst the foremost in the world; of an international
standard of excellence; of the highest order’.

All these definitions support world-class performance as being based on
best practices, benchmarking and excellent delivery. It will be seen from this
chapter and also throughout this book that all of these factors are critical in
order to determine a comparative and objective level of service quality.

The researcher’s view

There are a number of robust industry models that define more closely what
is meant by world class. The first of these examples described here relates to
the characteristics of organizations measured by means of a research study
carried out by three prestigious business schools of 310 service organizations
operating in the UK and the USA and placing these in a classification system
based on a service index (Voss et al. 1997). This service index rates the actual
performance of the companies surveyed and also the degree to which best
practices have been put in place, and is illustrated in Figure 1.1.

The service achievements of the 310 companies involved can be seen as
a progression from bottom left to top right, displaying a strong correlation
between the degree to which documented practices are used and actual
delivery performance. Although this correlation is not universal, it is indicative of the first primary feature of a world-class organization – that when best practices are used consistently, they will lead to a high quality of service. The other two primary features of a world-class IT service organization, namely people and technology management, will be explained later in this chapter and also expanded in the rest of the book. The segmentation in Figure 1.1 shows how the companies were ranked in terms of their characteristics and Table 1.1 compares the UK and USA results.
Table 1.1  Classifying services against performance and practice indices

<table>
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<th>Category</th>
<th>United States</th>
<th>United Kingdom</th>
<th>Definitions – out of 100%</th>
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<tr>
<td>Laggards</td>
<td>11.1%</td>
<td>11.4%</td>
<td>Practice ≤ 60</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Performance ≤ 60</td>
</tr>
<tr>
<td>Performance leads practice</td>
<td>17.1%</td>
<td>13.0%</td>
<td>Practice ≤ 60</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Performance ≥ 60</td>
</tr>
<tr>
<td>Practice leads performance</td>
<td>2.0%</td>
<td>3.0%</td>
<td>Practice ≥ 60</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Performance ≤ 60</td>
</tr>
<tr>
<td>Contenders</td>
<td>56.6%</td>
<td>67.2%</td>
<td>Practice &gt; 60 but ≤ 80</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Performance &gt; 60 but ≤ 80</td>
</tr>
<tr>
<td>World class</td>
<td>13.2%</td>
<td>5.3%</td>
<td>Practice &gt; 80</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Performance &gt; 80</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
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</tbody>
</table>

- **Laggards** needs little explanation. They are those companies that neither deliver effective services nor display awareness of the importance of best practices in helping deliver world-class results. And yet the view of these companies is striking in that they display high motivation – 56 per cent of low-performing UK companies and 24 per cent of USA companies regarded themselves as being either completely or mostly competitive. This could be interpreted as a lack of understanding about the correlation between practice and performance, or even a degree of complacency about their ability to survive in a process-driven world. As details of the organizations in this survey were not published for commercial reasons, it is not possible to track how many of these companies are still in business.

- **Performance leads practice** is an interesting classification and one that contains a similar number of companies as the previous category. This is typified by a high-performance culture as measured by company output, but without the necessary supporting processes to provide stability or consistency. This is typical of an entrepreneurial enterprise or one that is relatively new and funding its way towards growth at the expense of process. As a stepping stone in service maturity, then, it could be regarded as a useful way of proving the business model and company viability before investing heavily in developing processes and management strategies. Companies falling into this classification will have a major weakness in that there is likely to be a high reliance on a few individuals, which, if they were to leave, could result in the company being without the necessary corporate knowledge – a collective memory – of how things are done.

- **Practice leads performance** is an area that has the least number of companies reported within it. This is a good thing because any company that has invested heavily in process management, enterprise resource planning (ERP) tools, reporting systems and management dashboards but does not show commensurate benefit from these is
clearly in trouble. Again, it is not possible to track how many of these companies are still trading.

- **Contenders** is where the bulk of companies are placed and where it could be expected that the household names we rely on every day would have been ranked. This category supports the hypothesis that good performance derives from good processes, and it is interesting that there are more companies in this category in the UK than in the USA.

- **World class** is, of course, the category in which we are most interested. What this section shows is that organizations that continue their investment in effective processes continue to gain a benefit in terms of service performance. These are the companies with big reputations and will also be those that invest in their delivery, keeping their existing customers, winning new ones and probably scooping awards along the way. This is the category to which IT service delivery organizations should aspire and is one that is by no means impossible to achieve. The service practices that lead to this level of performance can be grouped into five different result areas – service process, leadership, people, performance management and results. As will be seen elsewhere in this book, this grouping is a common way of thinking about the actions that are needed to deliver effective results, and they apply as equally to IT service delivery as any other type of output.

### The industry view

One of the leading organizations in the UK that recognizes high standards of service achievement is the *Management Today*/Unisys Service Excellence Awards Programme. This was established in 1995 with two primary aims:

- to recognize those organizations that excel at serving customers;
- to provide feedback and share good practices enabling entrants to improve their performance.

Although this awards programme is not aimed specifically at IT organizations, a number of IT service providers have entered and done well in the various categories – for example, Rackspace Managed Hosting was the overall winner in 2005 and Happy Computers won the top award in 2003, with both companies also scoring highly in at least one of the five component categories. This level of achievement, when service delivery is being compared across industry sectors by a consortium of judges drawn – among others – from *Management Today*, Cranfield School of Management and Unisys, a leading IT services company, represents outstanding performance and shows clearly that IT service must share the characteristics of all good service, regardless of sector. Not unlike the joint London Business School/USA Universities study referred to earlier in this section, the Service Excellence Awards Programme also assesses service performance in five categories, as shown Table 1.2.
Table 1.2 Five areas of activity examined for the Service Excellence Awards

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer intelligence</td>
<td>This addresses how an organization builds an understanding of the needs and expectations of its customers and their perception of performance</td>
</tr>
<tr>
<td>Operational effectiveness</td>
<td>This examines the effectiveness of service delivery and how easy the organization is to do business with</td>
</tr>
<tr>
<td>Engaging people</td>
<td>This examines how well an organization inspires the hearts and minds of its people</td>
</tr>
<tr>
<td>Leadership and values</td>
<td>This addresses the direction and culture of an organization and how successfully values and leadership create a passion for customers</td>
</tr>
<tr>
<td>Organizational agility</td>
<td>This examines how well an organization anticipates and responds to the changing world</td>
</tr>
</tbody>
</table>

The awards take a broad perspective of service excellence, considering it to be everything an organization does to (profitably) win, satisfy and retain customers (citizens). The words in brackets reflect the emphasis given on two factors – first, that customers cannot be bought at any price, and second, that not all service providers are paid directly by their customers for the services they receive. This latter point is particularly important in the public sector, where egovernment targets are being progressively established and where public-sector organizations have a need to deliver world-class IT as an embedded part of their overall service – for instance, the National Health Service (NHS) has this as an objective for the National Programme for IT (NPfIT) – the largest IT renewal project in the world.

These awards are open to commercial, not-for-profit and charitable organizations of any size and, as already indicated, IT service companies can and do feature in the resultant awards. But is it really worth the cost, time and effort – and what is the motivation for entering in the first place? Addressing these in turn, the direct cost is not an issue – the entry fee is about £100 and so represents a notional contribution to the awards programme. Entering for an award involves completion of a structured questionnaire that probes the state of an organization’s service capability against the five categories explained in Table 1.2 and should not take long for a relevant person to complete, therefore negating the concern about time. What then happens is that a shortlist is produced, typically involving the three highest-rated entries in each category; these companies receive a half-day visit from a team of assessors and may need to provide additional supporting evidence. So the cost is notional, the time to create an entry is probably no more than a day, and supporting the assessment visit is half a day – a low expense in terms of cost, time and effort. Of course, if your company is not shortlisted, then you may feel that even this level of investment is wasted, but the point is to look at the potential of winning rather than the downside of not being placed. If you never enter a competition, then you can never win one – and these awards
are probably the cheapest form of benchmarking you will ever undertake, which is why they are being advocated here. Benchmarking is a vital activity for a company with an aspiration of being among the best, because otherwise it cannot be shown objectively what the status of your service really is.

The upside of gaining an award of this type is considerable. By entering, you get significant personal publicity – because service has a human face, it is not just a commodity product, as explained in the introduction to this book. Your company gets significant exposure in management circles through the medium of *Management Today* magazine, which is sent to all members of the Chartered Management Institute and is also available on general subscription, as well as significant coverage by Unisys, a leading IT services company. So it’s all about the upside and not much downside – a very low-risk strategy.

**The European view**

Both the researcher’s view and the industry view described above predominantly – but not exclusively – describe the state of service excellence in the UK. The study by the London Business School and the two USA universities compared the position in the UK with that in the USA, arguably one of the world’s leading service cultures, whereas the MT/Unisys scheme accepts submissions from organizations that have been operating in the UK for more than a year.

Both of these perspectives are valid and offer valuable insights into what contributes to a world-class service organization. However, one approach that offers a view of excellent delivery that can be applied across national boundaries is the Excellence Model from the European Foundation for Quality Management (EFQM). The EFQM Excellence Model, which is represented in the UK by the British Quality Foundation, is used by some 20,000 companies across Europe as a way of defining and benchmarking the effectiveness and efficiency of their organization, both in terms of a reference against an absolute standard and in terms of identified peer groups. The researcher’s view focused on the link between practice and performance in determining the route to world class, while the industry view looks at service performance in five different but related categories. The EFQM Excellence Model takes a wider perspective than both of these views by introducing nine criteria that allow the overall capability of an organization to be measured and reported, using a total of 32 sub-criteria. The EFQM Excellence Model also differs from the MT/Unisys awards scheme in that it actively supports self-assessment rather than relying solely on the views of external judges. Of course, if the Excellence Model is to be used competitively – and especially if there is a desire to achieve a Quality Award – then independent external assessment will be needed, although the majority of companies using the Excellence Model operate a self-assessment regime for very practical reasons.

An overview of the Excellence Model criteria is given in Figure 1.2. The model recognizes that achievement of excellent performance can be approached in a number of different ways, depending on company emphasis.
Like the previous two methods of assessing service quality, the EFQM Excellence Model is not written specifically for IT departments but it is as applicable to an IT service provider as to any other form of business operation. The model can be used company-wide or just within an operating division, making it very applicable to the management of an IT department, which is why it is introduced here. It is a viable means of determining and then measuring progress towards world class for a number of reasons, not least of which is that it is a numerically based model and therefore progress towards a defined standard of achievement can be readily tracked. This numerate approach can also appeal to the objective nature of many IT managers.

The Excellence Model is scored out of 1000 points, although the distribution of points throughout the nine criteria is not even. Figure 1.3 shows the distribution of weighting between criteria in the first half of the model, known as the enablers, with 50 per cent of the total score potential, and Figure 1.4 shows the weighting distribution across the second half of the model, known as the results. There is also a strong emphasis on linking achievements with the strategies needed to drive an organization, which is why an innovation and learning feedback loop is shown in the high-level model in Figure 1.2. This feedback provision is an important aspect of any system of control.

Figure 1.3 shows that processes is the highest-scoring criterion, followed by leadership. However, it is unlikely that good scores will be received in any of the criteria if a poor result is obtained in leadership, since by the nature of the model there is a cascade effect going from left to right and each criterion depends on its predecessor to some extent in order to set the context within which it can succeed. This also applies to the results area.
Enablers are concerned with how an organization approaches its activities. Enablers are concerned with methods, standards and the modus operandi.

Results are concerned with what an organization has achieved or is doing now. Results are based on historic performance, future predictions and benchmarks.

Figure 1.3  EFQM Excellence Model, showing weighting of the enablers criteria

Figure 1.4  EFQM Excellence Model, showing weighting of the results criteria

Figure 1.4 shows that customer results is the highest-scoring criterion, followed by key performance results. However, it is unlikely that high scores will be attributed in the results section if a poor result is obtained in enablers, since by the nature of this model there is a cascade effect from left to right.
The ranking of the nine main criteria can clearly be seen as customer results contributing 20 per cent of the score, followed by people enablers and people results together making up 18 per cent of the total, and key performance results at 15 per cent. A strong implication of the main drivers of service quality is based therefore around the satisfaction of customer needs, by ensuring that staff are properly trained and motivated and have a focus on the expected results.

This situation can be summed up in the simple statement that ‘first-choice employer leads to first-choice supplier’. This is an important point and we will return to this concept many times throughout this book.

Contained within the nine main criteria are 32 sub-criteria. In the interests of space, the full descriptions are not included here, although we will be returning to the implications of some of these in Chapter 4 on quality management. What is important to note, however, is the scoring attributed to these sub-criteria. The box below provides an explanation for three of them – people results, customer results and society results; the measures shown account for a degree of subjectivity by the introduction of perceptual, rather than purely quantitative, measures. Again, this underpins the author’s primary assertion that service is not a commodity product, since the perceptions and aspirations of all the people involved in its delivery will make a difference to quality of service as it is received.

THE EFQM EXCELLENCE CRITERIA, SHOWING THE THREE PERCEPTUAL MEASURES

The three EFQM perceptual criteria are:

- **People results**: addresses what an organization is achieving in relation to its people, measuring results and the relevance of these measures in proportion:
  - perception measures (75 per cent of weighting);
  - performance indicators (25 per cent of weighting).

- **Customer results**: addresses what an organization is achieving in relation to external customers, measuring results and the relevance of these measures in proportion:
  - perception measures (75 per cent of weighting);
  - performance indicators (25 per cent of weighting).

- **Society results**: addresses what an organization is achieving in relation to society:
  - what is achieved locally, nationally and internationally;
  - the organization’s approach to quality of life, environment and resources;
  - the relationship with bodies affecting or regulating the business.

Society results measures results and the relevance of these measures in proportion:
Defining world class

- perception measures (25 per cent of weighting);
- performance indicators (75 per cent of weighting).

This box shows that staff and customer perceptual measures each contribute 75 per cent of the weighting in the criteria shown. As people and customer results are also the highest-scoring criteria, the model quite explicitly defines motivation, the treatment of people and the attitude with which service is delivered as very significant factors in the makeup of an excellent organization. When this is combined with those perceptual factors associated with society results, an area now more commonly known as corporate social responsibility (CSR), the significance of service excellence becomes even more pronounced. It is heavily influenced by the way in which service is delivered and not just how it is delivered – and this style matters to both customers and staff alike. The Excellence Model has been implemented widely across Europe and has inspired many significant improvement initiatives for factors such as staff and customer attitude surveys.

The Excellence Model is scored out of 1000, with the percentages attributed to each criterion being as already explained. But it is not necessary to achieve 1000 points, or 100 per cent, in order to be ranked as a world-class organization. The scoring regime recognizes the concept of progressive achievement where a company achieving 600 points can be classed as excellent, with exemplar companies, one of the true definitions of world class, recording 750 points. World class in EFQM terms therefore starts to be defined at 600 and not 1000 – and it is interesting to note that the average score achieved by companies submitting themselves for a European Quality Award – which is of course assessed externally – over a six-year period is 477. Figure 1.5 shows the distribution of assessment scores recorded by the British Quality Foundation between 1992 and 1998. Many of the organizations submitting themselves for awards here achieved recognition for excellence in one or more criteria – for example, in the 2005 Awards, Ricoh UK Products Ltd, an IT company, won the Achievement Award for demonstrating excellence in both corporate social responsibility and employee satisfaction and Siemens Medical Solutions, another high-technology company, scooped the Achievement Award for demonstrating excellence in customer satisfaction. These are demonstrably world-class results and we will look in more detail as to how the Excellence Model can be used as part of an overall IT quality management system in Chapter 4.

The professional’s view

A number of membership organizations and professional bodies offer an awards process, and IT is no exception. Given that the theme of this book is world class and the scope is IT, only one scheme has been considered as an example in this section – the BCS IT Professional Awards. This scheme has been running for several years in association with Computer Weekly and was
launched in its current form in 2003. The BCS regards the awards as having established themselves as a leading hallmark of success among IT practitioners, marking the contribution made by IT to economic prosperity, business efficiency and public services, and the awards are certainly supported very well by applicants, which shows that they have high perceived value.

The BCS awards process is a cross-industry event recognizing, promoting and acclaiming excellence, professionalism, innovation and the outstanding achievements which individuals and groups contribute to IT. Entries are made to one of five different categories – Business Achievement Awards (for excellence in IT management), Technology Awards (for technological innovation in a number of different categories), Individual Excellence Awards (for people making a particular personal contribution), Flagship Awards (for the most meritorious business achiever and the most innovative technological submission), and the President’s Awards, which take a different theme each year. Recent presidential themes have included topics such as mobile computing, women in IT and information security.

The awards themselves are sponsored by major IT industry bodies, which provides credibility and industry exposure, while the judging is done by a mixture of BCS staff and senior BCS members on a voluntary basis. This mixture of input from a membership body and practising IT professionals maintains a healthy balance between impartiality and current best practice, ensuring that the judging criteria keep pace with industry developments and standards. Again, like the MT/Unisys Awards scheme, the BCS scheme is looking for best practices being established, not just being followed, but unlike the MT/Unisys Awards, this scheme is specifically for the IT industry.

The scheme has the same characteristics as the MT/Unisys process, sharing the same upside and minimal downside. Again, cost and effort can hardly be classed as an impediment to entering these awards – an entry fee of around £70 and the completion of a structured questionnaire, which ought to take
a competent person less than a day to complete and – for those organizations selected for a site visit – about half a day to undergo an assessment. The view of this type of awards scheme is that they are an excellent way of benchmarking yourself and your capabilities against the industry, at low cost but with a big potential return. The typical cost of an IT benchmarking audit from one of the many companies specializing in this field is around £25,000 and therefore it is difficult to argue against the positive aspect of an industry award scheme of whatever type. More information on the BCS IT Professional Awards can be found at www.bcs.org.

THE SERVICE ACCESSION MODEL

We have looked in some depth at a number of definitions of world class and the processes and schemes by which attainment of world class can be demonstrated. With the exception of the BCS IT Professional Awards, all the other awards schemes are generic in that they can be applied as equally to business services as to IT, but they are also all applicable to IT services. As we have seen already, IT companies can do well in the MT/Unisys awards scheme and through external assessment against the EFQM Excellence Model, and the author commends them both; indeed, he has experience of the EFQM Excellence model being used to define service improvement initiatives for several organizations, both public-sector bodies and commercial companies. However, a characteristic that every scheme outlined in the previous section has in common is that awards can be achieved for a single activity and not for an holistic quality of service. This singular emphasis is meaningful in the context of the awards process to which it relates, but it does not of itself guarantee world-class quality in the specific context of IT service provision. As a result of this, the author developed an approach some years ago that was designed specifically for IT service delivery and takes into account the maturity stages in terms of both operational delivery and customer orientation. This is known as the Service Accession Model and is reproduced in Figure 1.6. It is called an accession model because IT departments can attain a particular succession of competency stages, each of which builds on what has gone before. The model can therefore be used both to define what is needed in order to reach world-class delivery standards and to chart progress towards its achievement.

This approach has been deployed in some of the largest companies in the UK, with the equivalent of 10 per cent of FTSE 100 companies having already been benchmarked against this model, and it is being used to define projects to demonstrate progressive attainment of higher status against it. The detailed characteristics of the Accession Model are also described in this chapter.
This model is different from any of those described so far, for a number of reasons. First, it is specific to IT service delivery and so is not a generic tool using generic language. Second, it requires equal emphasis to be given to the customer relationship style as it does to operational development, and this inhibits the model from being used solely to justify a singular initiative. Third, the characteristics of each of the four stages have been developed in terms of what they involve and standards of attainment defined, which allows achievement of this stage to be demonstrated properly.

There are four stages defined in this model, all of which exemplify the lifecycle maturity of an organization displaying the characteristics defined for each level. As explained already, each maturity level encompasses the one beneath it and so can be regarded as a cumulative, or progressive, status rather than something that is radically different from its predecessor. It is also possible for an IT department to operate at intermediate points in this model, which represents a continuous progression from bottom left to top right, based on how much of the maturity of the next stage is displayed.

**Service operations**

An IT department can be said to have the primary characteristics of a service operations team when the department is perceived by its users (or customers) as delivering a mainly commodity service and being controlled by strict operational procedures and standards. This is a positive situation in which
to be, although of course it is not the status that many IT managers aspire to achieve. Operating at this level is exemplified by two major characteristics – the existence of (and adherence to) formal service level agreements (SLAs) and there being a rigid and well-documented change management regime. Although these characteristics are important, they do not engender a developmental relationship with the customer or demonstrate an ability to propose new services and ways of working to benefit that customer. Around 60 per cent of IT service delivery in the UK is believed to be operating at or around this level, which may seem to be a surprisingly high proportion. Many of the improvement initiatives in IT service delivery at this level are aimed at improving both the flexibility of operations and the perception of key customers, while keeping hold of the cost base.

Service delivery

Although the next stage is somewhat different from its predecessor, it is characterized by a similar set of values. The department still operates to defined SLAs and a prescriptive change management regime, but it now adds some value to the customer base by offering training to IT users. Training is almost always seen as a value-adding activity from an IT department and the reputation of service delivery is enhanced once this activity is brought into the relationship. Many training functions are housed outside IT – say, in personnel or individual line departments – and do not benefit from the synergy in terms of management oversight and value generation by having these departments as part of the IT competency pool.

This is not the same thing, however, as budget ownership. IT does not need to own the total training costs, since governance of such matters is often best left to profit centre managers, but IT does need to be able to decide on and manage training courses on behalf of its user base. The relationships between training companies and non-IT managers can give rise to poor commercial relationships and piecemeal procurement, which centralizing accountability within IT can avoid. It is surprising how few IT functions understand and deal with this issue – only around 40 per cent of UK service-delivery functions are believed to operate above the service operations level, with about 25 per cent of these being found at the service-delivery competency level. And yet the status of user relationship increases to include a degree of respect as IT is perceived to be operating at a higher complexity level by taking on board responsibility for training delivery, so it is clearly an important stage to reach.

Service management

This maturity stage introduces two additional attributes – supply chain management (SCM) and process competency. Supply chain management is not to be confused with procurement, although it certainly involves a significant element of that since it defines what and how service delivery needs to achieve in order to organize all the elements necessary for the delivery of an effective service. This can be likened to a prime contractor role, as in a builder
who needs to schedule and manage plumbers and electricians and skills outside his or her direct control but under his or her overall operational umbrella. Service departments can be notoriously bad at subcontractor management, especially when these are through other IT functions such as applications development or information security, because of a perceived low management status. But getting a grip on the effective management of all the different components that make up a service is a key part of the competency requirements at this level, and SCM will be explored in greater depth in Chapters 4 and 7 of this book.

The second new attribute that distinguishes an IT department at this level is the emphasis on process management. In the world of service delivery, ITIL (IT Infrastructure Library, a collection of best-practice process definitions for service delivery created by and under the authority of the Office of Government Commerce, OGC) is the defacto published standard although it is not the only process framework in existence. Major IT companies, such as Accenture, IBM and Microsoft, have historically developed proprietary methodologies and frameworks although these are used in far fewer companies now than is ITIL, especially since the international ISO/IEC 20000 standard for service management published in late 2005 is based largely on ITIL process definitions, as was its earlier BS15000 predecessor. So developing and implementing formal process classifications for all the elements that make up an IT service is a key competency of a service management department and the structure, role and scope of ITIL is explored further in Chapter 4 of this book.

Only around a further 10 per cent or so of IT departments in the UK can claim to have reached this stage of service maturity, although those that have got a grip of supply chain and process development are generally trusted by their customer base because they are seen to be exerting control over their destiny.

World-class service organization

This stage is where the progressive IT services department should be aiming for. Building on the stages already outlined, the differences between achieving this level of performance and the previous one are characterized by one new attribute and a change of emphasis in respect of two others. The newest competency to be added is that of a sales and marketing capability, which service organizations are historically not structured to provide, but this should not be regarded as an additional function. The ability to represent what services can do, its prerequisites for doing work and a description of what value is added to the IT department as a consequence of the service strategies is a leadership task, not a cost overhead. Management of such activities will be embedded in the way the IT service management team (ITSM) thinks about its work and offers its services to the customer base, which enables the ITSM team to think exactly like a commercial organization would in the same circumstances. Not all world-class organizations are professional IT companies
and not all professional IT companies are world-class service organizations – and the attribute of being able to properly represent your competencies to the customer is a large part of the difference.

The impact of service level management

Two other attributes, introduced in earlier stages, are subject to a change of emphasis on accession to this stage in the model. The first is that the emphasis on SLA management changes to become a focus on the impact of service delivery to the business unit or customer segment receiving it. This has been termed a business impact agreement (BIA) in order to differentiate it from the more usual mechanistic SLAs that cause so many problems. SLAs are frequently seen to be a bureaucratic overhead on the delivery of service, and something that the customer on the receiving end does not consult when formulating a complaint or when deciding how to deal with the IT provider. Equally, SLAs are often no longer regarded as a particularly valuable management tool by the IT department, because the linkage to the value of a service, especially when it has to be withdrawn, is rarely ever quantified and so IT staff do not know the actual cost of different levels of service. In contrast, a world-class service organization will be forming service relationships with its customer base in the knowledge of the economic value of that service in terms of how the customers use it to generate their own business value and can work with the customer to define the cost of ownership – including outage implications. In process terms this is not really different from how a conventional SLA is defined, but in reality it has a wholly different outcome as a result of the marketing approach used, as explained earlier. A BIA will govern relationships between supplier and customer at an altogether different level of management and lead to an enhanced level of management reporting – such as a discussion on future value-adding work as opposed to retrospective analysis of last month’s downtime.

The impact of training

The second change of emphasis that characterizes a world-class organization above a good service management team is that concerned with training. Although the ability to train users in IT is a feature of both a good service delivery and a service management department, a world-class organization will take its training offering beyond just that of administration and delivery. What this involves for a delivery organization with internal users is that user competency targets are set and then a programme of training is put in place to ensure these targets are met. This may involve standard IT course offerings such as spreadsheets and presentations, but it will also require development of customized training in, say, business process design or workflow management. This is a very different style of operation because IT takes responsibility for the initial measurements to establish a baseline and then designs a series of training interventions to deliver a specified improvement against that baseline – with a 20 per cent competency improvement per annum being a
reasonable target to start with. This is, of course, a challenge in that IT needs to be involved intimately with the departments in which these users are based and be able to understand the benefit of IT training on the productivity and effectiveness of the teams concerned. The other issue is also that of cost, since the analysis and development of customized training materials will inevitably lead to quite high cost levels, which will have to be justified. Here, IT owns the training process rather than the training budget and user departments will commit to any spend from their own operational expenditure – which is why they need to be convinced of the benefits. Quantifiable returns on investment in the range of 20–70 per cent or higher on IT training linked back to specific business outcomes such as higher productivity and lower staff numbers allow management decisions to be made that justify more effectively than anything else why IT training should be carried out. So the change of emphasis in respect of training is for IT to take responsibility for user IT competence, linked to tangible business benefits. This is especially important for organizations that experience a high turnover of staff, where productivity will inevitably decrease over time as trained staff leave, or where highly sophisticated ERP and management information system (MIS) applications are being operated by relatively junior and unskilled staff. There are many instances of effective initial training in such new applications, but rarely can case studies be found of where high levels of user/IT training engagement are sustained over more than the initial project rollout.

The situation where IT cannot control its user base, perhaps where customers do not belong to the same organization or where there is no effective business relationship, will prevent the level of dialogue and engagement described above. But this is not to say that effective IT skills cannot be delivered in such circumstances, as will be seen in Chapter 2 on defining the new role of service management. Based on the work done by the author in the past few years on service transformation, it is believed that no more than 5 per cent of IT departments in the UK are operating at a world-class level of delivery at present. But those that do operate at this level have found they are treated as a business partner by their parent organization rather than operating within a disposable service relationship.

THE CHARACTERISTICS OF WORLD-CLASS SERVICE DELIVERY

An IT services department that has been transformed through the four stages described by the Service Accession Model will exhibit six key attributes:

- **It will provide services to agreed standards.** This means that IT will define a service catalogue, agree this with its customers and then deliver an impeccable SLA performance against it. Although this is a basic bread-and-butter attribute, it is in fact very hard to deliver
impeccable SLAs, especially when the service catalogue goes beyond basic service provision and when the SLA is now a BIA instead.

- **It will manage relationships with its customers.** This means that IT will proactively develop business-level dialogues that describe the current and future value of service delivery, as differentiated from systems delivery. This should show how IT services are allowing business targets to be met, what new services a business unit is likely to need in future and how these should be planned and delivered. It is most often found that new service requirements come out of the blue for service departments because they are based in the data centre or do not have management exposure at business level, in essence being regarded as a backroom team only to be called into view primarily to explain an outage.

- **It will plan and coordinate the delivery of change.** This means that effective change management regimes will be in place, encompassing both applications and infrastructure components. The scope of change management can be defined to include operational change control, release management, configuration management and licence management supporting conformance to both intellectual property (IP) rights and supplier commercial agreements. Change management is often thought of only in terms of basic operational control, whereas the correct interpretation of scope is that of managing the entire IT asset lifecycle.

- **It will develop and maintain supplier relationships.** Effective supply chain management, both internal and external to the organization, is a prerequisite for world-class status. The establishment and maintenance of supplier relationships, alternative means of supply as necessary, demand management, and good supplier relationships are clearly important to any organization that does not make and mend its own infrastructure. IT infrastructures today rely heavily on third-party service components, whether this be a managed network, a specialist company for desktop management or outsourced technical support. Seamlessly representing an extended supply chain to your customers is something at which a world-class team will excel.

- **It will provide technical and management frameworks.** Many organizations provide some form of infrastructure delivery change on the back of a new systems development. This can lead to a piecemeal approach to service management, as each technology and individual project team will form a different view of what management components may be needed. This is where an overall service framework should define for each and every project team what the standards need to be before their system can be accepted into service, and what technologies have been chosen to manage systems and infrastructure. Linked to the earlier points, the service management framework for everything from helpdesk to enterprise security administration should
be defined in advance and published as a conformance document for internal and external suppliers alike to work to.

- *It will ensure customers derive best value from technology.* This is where training delivery and competency management will contribute to the overall world-class proposition. An organization that can help its customers to get the most out of the delivered technology, define an optimum level of productivity and then maintain their staff’s ability to get the most from the total bundle of systems used by that customer is adding value, not just consuming cost. And, of course, helping customers to choose technologies with operability and manageability in mind will also define a better total cost of ownership (TCO) than would otherwise be the case.

In conclusion: what the Service Accession Model does is to show the four key life stages in the development of a world-class IT services proposition. The six primary characteristics of a world-class organization have been defined in terms of how they relate to operational competency, relationship style, strategic thinking and control of assets. Only around 5 percent of IT departments in the UK are thought to be operating at this level, especially when taking into account the standards of attainment to which possession of such attributes must lead. There is little point in trying for good relationships with your suppliers, customers and business managers if the standards of service attainment are below that of your peer group, or are provided at a cost that exceeds what could sensibly be justified. There is a price associated with good quality in the same way that there is a cost associated with poor quality, and the price of good quality has to be shown to be less than the alternative. Chapter 8 describes the service attainment levels for a world-class service organization as achieved in practice and not just on paper.

**SUMMARY**

- Both world class and best practice are able to be defined.
- World class establishes best practice and is not fixed but will evolve over time as performance improves and management boundaries are tested.
- Benchmarking models and techniques are available to qualify world-class performance as well as any intermediate state.
- A world-class service delivery organization will manage customer results to at least the same standard as operational results.
- Competencies over and above traditional operational skills are needed to operate at world-class levels of service performance.
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