

## Case Study -- Fundamental Redesign Information Technology (Systems)

This is an Information Technology, or Systems Department, for an independent profit center (business division) within a multiple line insurance company. They provide the systems and programming support for their division. Hardware support for their mainframe is provided by a corporate department. Their main focus is the creation and maintenance of the computer programs their division needs to manage its business.

When we started working with them, they had almost 100 programmers and systems analysts. But they were about to install a new mainframe operating system and needed to dedicate over half (actually 65) of the programmers to tailoring this system and writing the conversion programs. They estimated this transition would take about three years.

In the meantime, the work of the division needed to continue. Products needed to be developed and introduced, legislative changes handled, processing errors and "program bugs" corrected, rates updated, etc. Our challenge was to help the new manager of this "Maintenance Department" maintain the current systems and keep her customers happy with a staff of only 28 people.

Keeping customers satisfied with only 1/3 the usual staff looked impossible. But as we researched how the programmers and their customers worked together, we discovered some interesting facts. For example, almost 1/3 of the Systems time was spent on project updates, status meetings, prioritizing projects, doing cost benefit studies for projects that probably would not be done and other useless analyses. In other words, a large portion of their time was being wasted.

In addition, there was a burdensome management structure and process that also wasted a lot of time. The more we studied the situation, the more we began to think the impossible was possible.

We considered some radical departures from the usual way of managing an IT or Systems Department that would do a better job of keeping customers happy. For example, we looked at the following "What Ifs:"

- What if we connected programmers directly to the customers they served and eliminated the priority process entirely? Customers would prioritize what they needed and no one would waste time on ideas that would never be worked on.
- What if we eliminated the management structure entirely? Everyone would report directly to the department head. We could use the project structure to manage the work done in the department.
- What if systems people got their performance evaluations from two directions? Customers would determine if they got what they wanted and needed. Experts within IT would evaluate the technical side of the work.
- What if technical knowledge, professionalism, results and customer satisfaction became the key success measures?
- And many other ideas were considered and implemented.

The result was a new design for a systems department. One where everyone was directly connected to customers and accountable for meeting their needs. It was organized around what is now known as a "professional model" (commonly used by consulting, engineering, law and other professional firms) with little management structure other than their "project" structure. People were rewarded and recognized for the results they attained.

After this new structure was in place for three years, the customers unanimously and enthusiastically endorsed the new way of operating. Instead of having to accept less assistance, they said that they got even more done. Twenty-eight people did a better job better than 95 did before.

That was five years ago. The department has been organized this way for over eight years. It now has 42 people, but still no layer of management. Customers are still happy but they no longer realize the uniqueness of this department. They think this is the way all Systems Departments operate.