

# TRANSPUTEC

THE FUTURE: *INVENT IT*



**Project and Service Management Standards in the Small to Medium  
Enterprise**

**A Help or a Hindrance?**

White Paper

Service and Project Management standards like ITIL® and PRINCE2® get a mixed press – many people think they're valuable; some would blame them for all the failed projects and unresponsive IT services they see.

People in smaller organisations sometimes regard these best practices with suspicion; if they can be associated with bureaucracy and delay in large organisations, what use can they be to smaller organisations who live or die by agility and innovation?

Our position is clear: we've adopted both PRINCE2 and ITIL, and we are now committed fans. Since our adoption we are a better organisation, and a better service partner. We, and many of our customers, are Small to Medium Enterprises (SMEs). We strongly encourage our customers of all sizes and technical capabilities to take a look. This article explains why, and addresses some objections along the way.

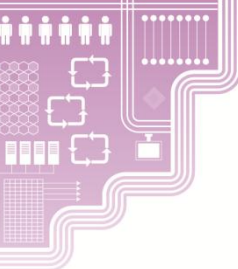
*PRINCE2® is a registered trade mark of the Cabinet Office*

*ITIL® is a registered trade mark of the Cabinet Office*

For further information please  
contact Neil Pace:

[neilp@transputec.com](mailto:neilp@transputec.com)

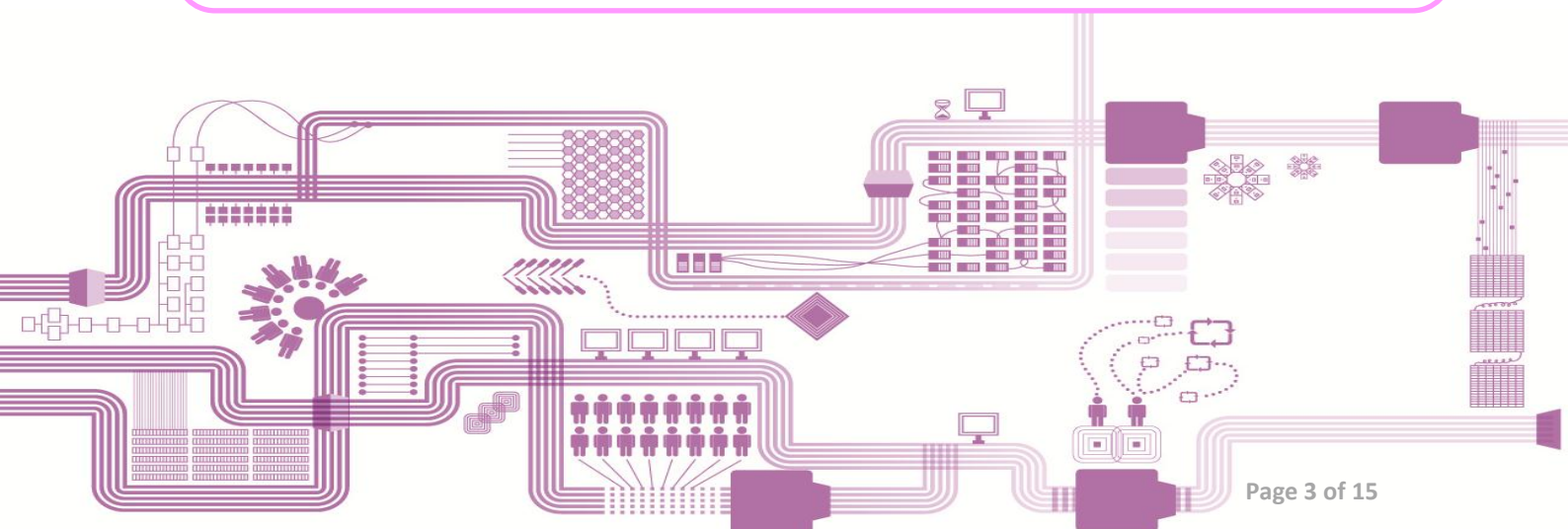
0208 584 1408



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Founded in 1984, Transputec combines excellence in insights, relationships and innovations to drive businesses forward. We manage IT services, develop tailor-made solutions, and supply hardware and software to international clients in a diverse range of sectors. These include commerce, finance, communications, construction, logistics and government.



## What are these standards, and why should I care?

### PRINCE2

PRINCE2 gives guidance for running projects. Initially conceived for IT projects, it can be useful for projects in any sphere, given a couple of terminology explanations. The acronym comes from PProjects IN a Controlled Environment. PRINCE2 is for all projects, but in this article we'll assume we're talking about those driving IT change.

Any organisation that manages or takes part in IT projects could be interested in PRINCE2. It's the most widely used public project method. Even if you don't manage projects yourselves, you will find that your staff need to represent your interests on project boards and teams, and they will be more capable if they understand the context and terminology. They don't need to be experts, but in a nutshell (because it is a repeatable and proven process which is scalable to fit any size of project) **we find that an understanding of PRINCE2 improves organisations' project activities, and their projects achieve better results.**

### ITIL

ITIL gives guidance for managing IT services. Bizarrely, the acronym comes from 'IT Infrastructure Library'. Something got lost in translation, but don't worry, the content is more sensible than the acronym.

Similarly, anybody managing IT services could find value in ITIL. In fact, we'd take it further; we'd suggest that anyone specifying, buying or otherwise consuming IT services would be wise to take a look at ITIL. We recommend that our customers do so, whether they have IT skills or not. Why? Because by focussing on business outcomes as opposed to technology, **ITIL makes organisations more capable of defining their business requirements and getting them translated into effective IT services.**

### Shared standards at work

So ITIL and PRINCE2 address different, yet slightly overlapping areas – they complement each other and work hand-in-hand. PRINCE2 addresses projects, the results of which typically introduce new services to be managed and ITIL addresses the on-going service management, but with a focus on business outcomes and continuous improvement; which in-turn gives rise to new projects. They both provide best-practice guidance about organisation, responsibility and process for their focus areas. Why is this important?

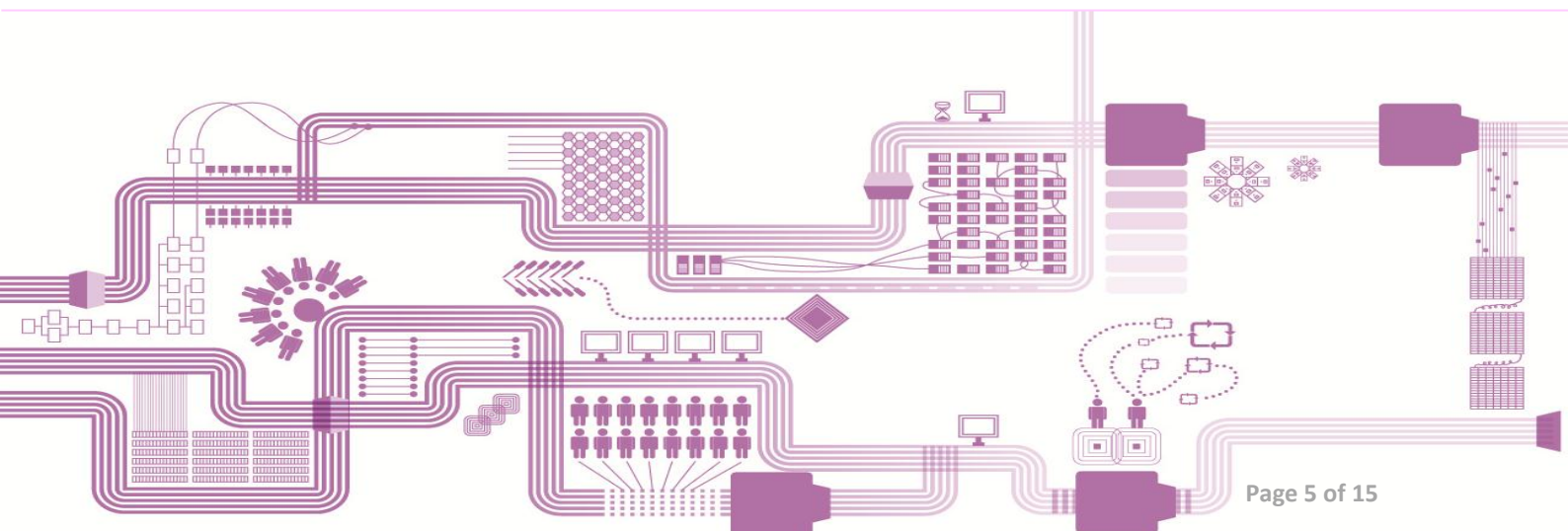
These activities aren't classic business functions – projects, almost by definition, are transient, and don't fit into a conventional hierarchic organisation model, especially if the organisation doesn't get involved in many projects. IT service management is a relatively new term having been introduced in the '90s.

Compare this with the roles, responsibilities and organisation of, say, an accounting department.

Accounting has been driven since business began by an evolving set of shared standards. This means that most people in business have a good idea as to the organisation, roles and responsibilities of an accounting department: they know how it measures the health of the company, and what its products or outputs are. P&Ls and Balance Sheets are tightly defined and well understood, and let others quickly make judgements about the health or otherwise of the company, its performance against its peers, and its market value. Management accounts use standard techniques to provide measurements that help the Board steer the business.

An accounting department works to public standards using an accepted, shared vocabulary, so it can be audited by outsiders, its performance can be compared with other similar organisations. If the FD leaves, the new one has a good idea of what to expect: the shape of the department, its roles and responsibilities, its processes and activities, and the terminology used.

Standards tend to generate commercial ecosystems, which brings down costs. How much would an accounting system cost if it had to be designed from scratch for each and every customer? How much would it cost to train an accountant if all accounting processes were unique to each company?



### What happens without shared standards?

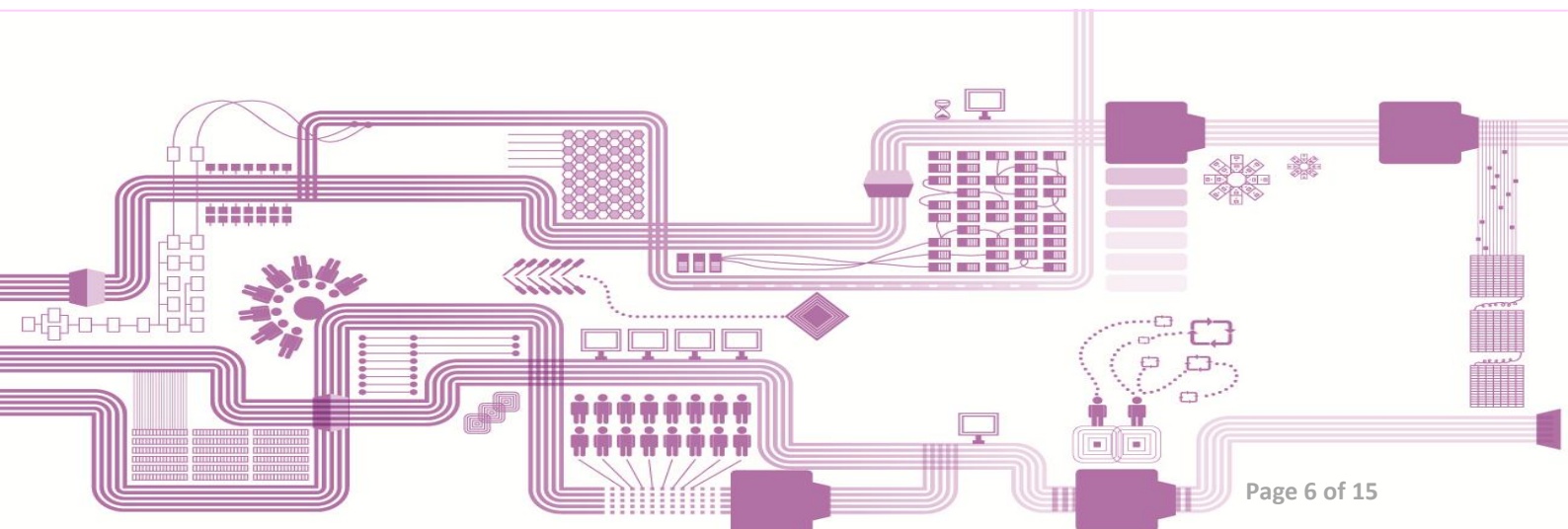
Without shared standards in accounting nobody could compare anything with anything else: company performance, and performance of the accounting department itself, would be measured using private metrics. This would preclude meaningful comparison with other organisations. Policy, practice and procedure would have to be designed and documented from scratch, so typically they'd be out-of-date, incomplete, and in people's heads. Improving them would be fraught with unintended consequences. This would lead to reluctance to change, and frequent failure when change was attempted.

### Why shared standards for IT are becoming vital?

Shared standards help in accounting. We can't really imagine life without them. We are now convinced that the same applies, or should apply, to project and service management in IT.

We think this is important because as organisations become more dependent on IT, the cost of project failure and poor service obviously increases. Sluggish change, unreliable service and high cost have a huge impact on an organisation's ability to achieve its objectives. Agility and low-cost become a competitive edge, but they don't arrive by luck.

Similarly, the latest IT techniques such as desktop virtualisation offer huge advantages in flexibility and resilience; but the cost of failure is much higher than earlier, desktop-centric, approaches that were less dependent on well-designed, well managed IT. Poor service doesn't need much management. Top-class service needs top-class management. Hence this article.



## Projects – PRINCE2 overview

PRINCE2 is a set of recommended processes, disciplines and themes to help deliver better projects outcomes. PRINCE2 is flexible: organisations are encouraged to adapt the recommendations to suit their own projects and situations. PRINCE2 scales well – from a two-person project to the largest imaginable.

At a super high level, PRINCE2 aims for complete clarity of roles, responsibilities, products, benefits and progress across all stakeholders, and a project split into manageable chunks (or stages). Control mechanisms and continuous focus on business case and risk, combined with explicit go/no go decisions at each stage, means projects don't become 'too big to fail', charge off in the wrong direction or outlive their usefulness.

PRINCE2 doesn't insist on over-planning; just the right amount at the right times; for example, the first stage of a project, (called, not very imaginatively 'Starting up a Project') starts with a mandate from the business that can be very brief; this stage encourages and provides guidance for rapid evaluation of a project's viability before the real detailed planning stage (Project Initiation) begins. This means investigating a project's viability isn't an off-putting mountain of work. In this way PRINCE2 encourages innovative thinking, and provides a funnel by which this is refined and either turned into a viable project or stopped before anyone gets hurt.

### *PRINCE2 - Poor Perception a Pity*

PRINCE2 has a perception problem; its wikipedia entry leads with: "...a structured project management method endorsed by the UK government as the project management method for public projects." People could wonder why on earth they'd want to use a method associated with the biggest, most expensive IT project failures in history? Well, we've found it hugely useful, but we work with organisations that aren't broken. No method or standard can fix organisations that are riven with dissent, political agendas and lack of accountability, especially when more than one are gathered together on a project. In these situations, the method itself can become the scapegoat.

The recent FiReControl project failure is a case in point. This project wasted nearly half a billion pounds, and accomplished none of its original objectives, yet the report by the House of Commons Committee of Public Accounts makes it clear that if PRINCE2 had been followed, the project should have been stopped at initiation stage, and millions of pounds saved.

So we stick to our guns: If you have effective people and understand accountability, PRINCE2 will help your projects deliver.

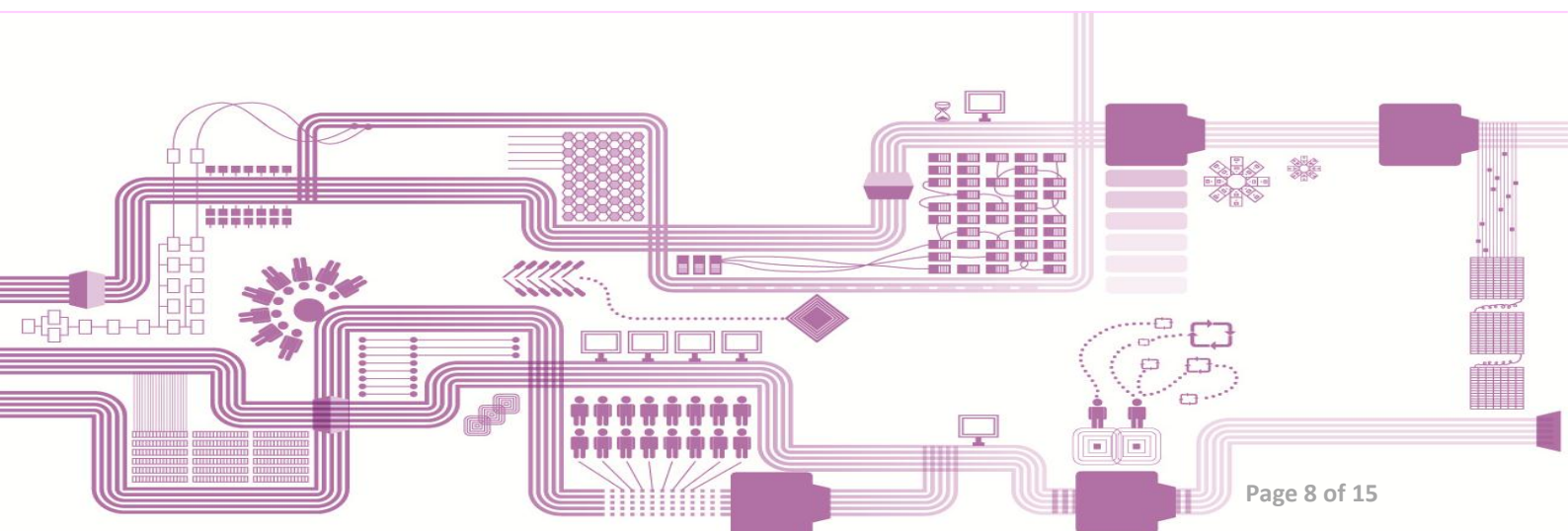
PRINCE2's other processes deal with managing the planning process, transitions between stages and the stages themselves, defining and delivering the outputs (or products), exception management and closing the project so people know it's all over. Each process consists of activities that form a check-list or handbook that walks participants through each process. Another process, 'Directing a Project', deals with the setting up and the on-going activities of the Project Board. This important group of people owns the project, and directs the Project Manager and his team(s). Whilst this may sound like process-overload and not necessarily suitable for the smaller organisation, the real strength of PRINCE2 is its scalability. Each process can be paired back to the bare essentials and easily slotted into existing governance structures and roles, meaning the smaller organisation can still reap the benefits without introducing costly overheads.

Running through these processes like letters in a stick of rock are seven Themes:

- **Business Case** – how to manage the business case throughout the project. Sketch out, flesh out, keep up to date as a live document
- **Organisation** – the importance of clarity in roles, responsibilities and accountability
- **Quality** – making sure that the products meet their stated requirements
- **Plans** – managing project plans, team plans and stage plans on the basis of the products they need to produce
- **Risk** – Projects sometimes don't look at risk explicitly. This is a failing. PRINCE2 provides a good framework for continuous risk management.
- **Change** – change control and configuration management. How to manage changing requirements, outputs and products while keeping the project within scope.
- **Progress** – ensuring progress controls are accurate and timely yet don't get in the way of the project manager or team(s).

The themes occur in all the processes. They reinforce the continuous nature of PRINCE2 project management: live, up-to-date business case, plans, registers and logs; decisions made at the right time, based on the latest, most accurate information.

We'll examine the effects of adopting PRINCE2 for projects in a moment, but first, let's take a look at IT Service Management and ITIL.





## IT Service Management – ITIL overview

Most people could have a stab at defining what a project is, but 'IT Service Management' might be more tricky. Of course, if you take 'service' out you're left with what the IT Manager and his technical people do: look after hardware and software and keep it running. The word 'service', though, is key; it shows the transition from thinking in technical terms to thinking in terms that the wider business understands.

This transition is wholly healthy – it lets the business define its needs in business terms, rather than having to make (sometimes inexpert) dives into the arcane world of IT. The business should be able to express its requirements in terms of business functions, performance, number of users and availability patterns, rather than Gigabytes and Megahertz's.

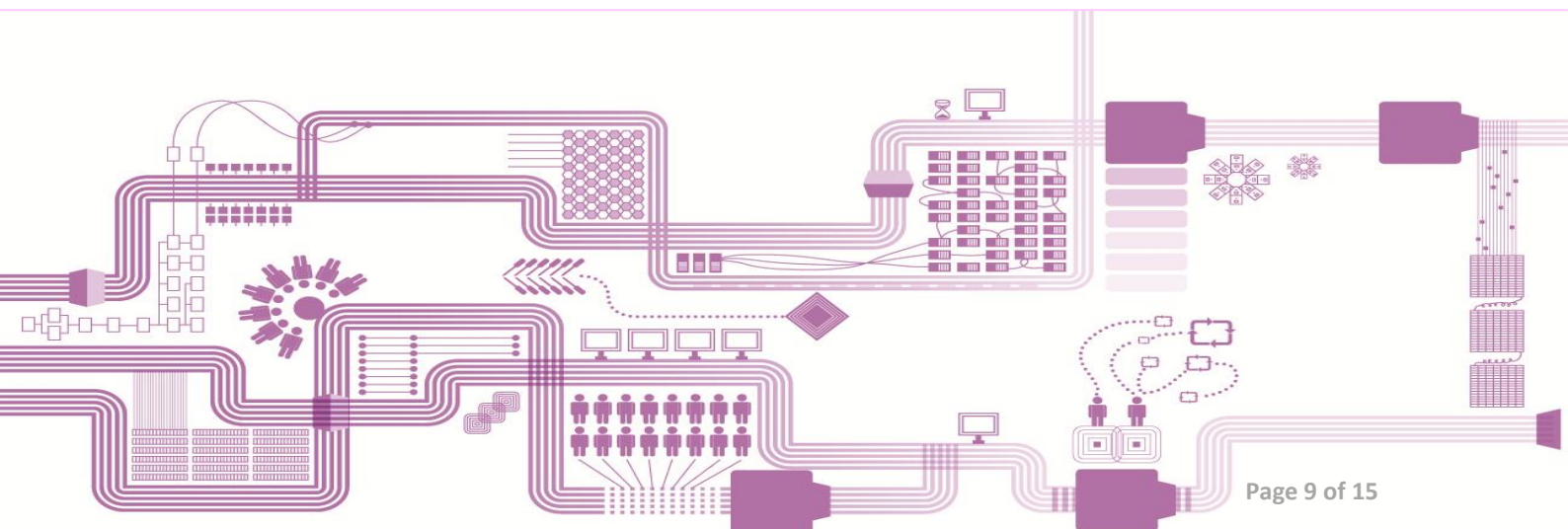
This move towards thinking in service terms is a good thing; it provides a more appropriate level of conversation between a business and its IT providers. Rather than inexpertly translate its business requirements into technical specs, the business can define what it wants to do and the IT provider is responsible for satisfying those requirements through IT. Of course, this makes it much easier to compare suppliers' offerings and performance.

IT Service Management is the relatively new discipline of managing IT services from this business perspective, and ITIL is the most widely-used framework for doing it.

What is ITIL and what does it achieve? Its stated objective is to help “...provide services to business customers that are fit for purpose, stable and that are so reliable, the business views them as a trusted utility.” ITIL throughout talks about customers and providers; a provider can be an internal or external organisation; the customer is the business or business unit using the services. ITIL says providers, be they internal IT departments or external service providers, need to recognise that they have competition, and to act accordingly.

Services themselves aren't just “fire and forget” – you can't just buy a service and expect it to fulfil business needs for ever. Unfortunately in the heat of the moment, that's what can happen: a service is designed, put into production and everyone relaxes. The very nature of the provider/customer relationship, if not managed properly, can encourage this dysfunctional behaviour, resulting in poorly performing services that become obsolete almost immediately as needs change.

ITIL focusses very hard on fixing this problem. It does so by adopting a life-cycle approach.



The “Service Lifecycle” is key to ITIL; a way of thinking about services from cradle to grave, with improvement and change built-in. The Service Lifecycle consists of:

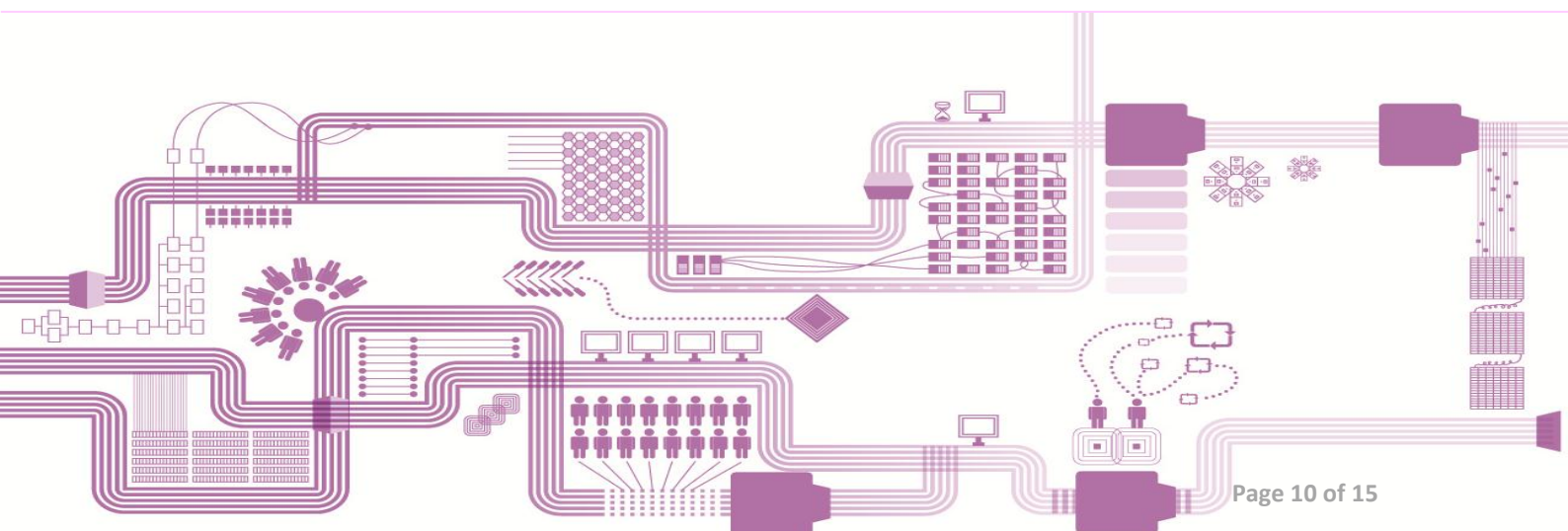
- Service Strategy
- Service Design
- Service Transition
- Service Operation
- Continual Service Improvement

Two stages in particular are aimed squarely at the 'fire and forget' problem:

- Service Transition forces focus on the activities most likely to suffer in times of stress – those that need to happen when a service comes off the drawing board and goes into production. Change control, service desk enablement, education – everything that makes introduction a success, but ironically is the first to get squeezed when things go wrong. By making service transition an explicit process, ITIL forces a concentration on the important.
- Continual Service improvement is a 'meta process': it injects roles, processes and techniques for proactive improvement into the entire life-cycle. Getting better becomes a way of life, and improvement isn't just a reaction to failure.

The other stages are:

- Service Strategy – written largely for the service supplier's perspective (remember, this could be the IT Department) this publication helps service providers answer the following questions:
  - What services should we offer and to whom?
  - How do we differentiate ourselves from competing alternatives?
  - How do we truly create value for our customers?
  - How can we make a case for strategic investments?
  - How can Financial Management provide visibility and control over value creation?
  - How should we define service “quality”?



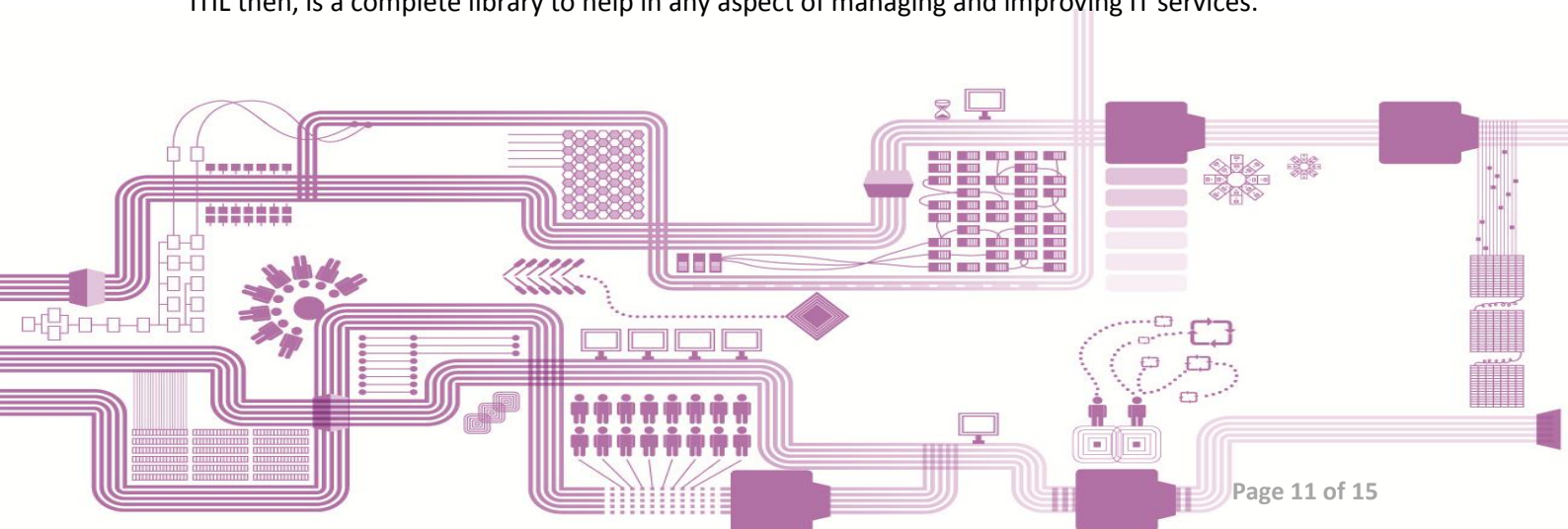
- Service Design – designing services that do what the customer wants, in the way they want them to work – at the right quality, cost and service levels, with performance and satisfaction monitoring built-in. Service Design looks at 5 aspects:
  - The design of the services, including all of the functional requirements, resources and capabilities needed and agreed
  - The design of service management systems and tools, especially the Service Portfolio, for the management and control of services through their life-cycle
  - The design of the technology architectures and management systems required to provide the services
  - The design of the processes needed to design, transition, operate and improve the services, the architectures and the processes themselves
  - The design of the measurement methods and metrics of the services, the architectures and their constituent components and the processes.
- Service Operation – co-ordinating and carrying out the activities and processes required to deliver and manage services at agreed levels to business users and customers. Also responsible for the on-going management of the technology that is used to deliver and support services.

Service Operation includes: Event Management, Request Fulfilment, Incident Management, Problem Management, Access Management, and the functions of Service Desk, Technical Management, IT Operations Management, Application Management, Monitoring and Control.

ITIL has a publication for each of the life-cycle stage. Each is full of useful guidance and real, practical 'how to do it' advice. Each publication covers, for its topic:

- processes and activities
- principles
- organisation structure, roles and responsibilities
- technical tools
- implementation guidance
- challenges, risks and critical success factors
- templates for forms, processes, roles, documents and metrics.

ITIL then, is a complete library to help in any aspect of managing and improving IT services.



## ITIL and PRINCE2 in action

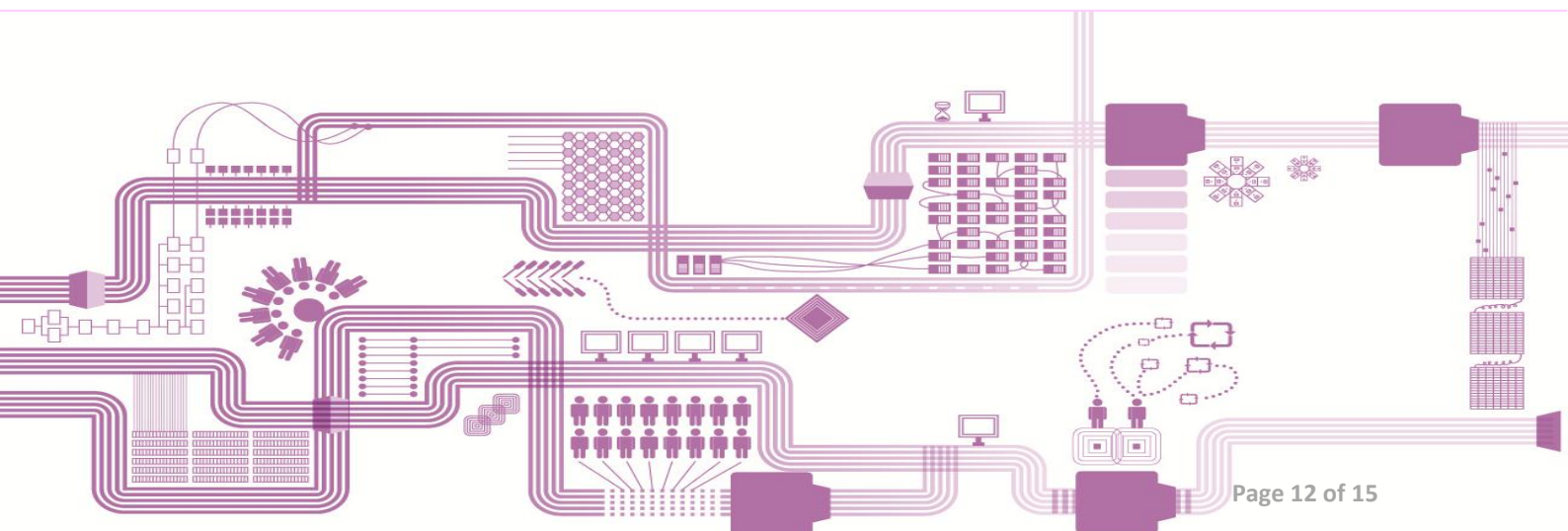
Transputec is a service provider for our customers, and of course we consume our own services, which are key determinants of our customers' satisfaction. We run, and otherwise participate in, projects with customers of all sizes, IT capabilities and project experience. We encompass the full spectrum of project and service management, and we've recently been asked by some of our customers to take a look at several situations where their senior management were concerned about the way they were managing their large projects or wanted a new approach to IT and service provision.

## Identifying and fixing problems

How do projects feel when they're not going well? They can go on for months or even years, generating a feeling of unease but not actually triggering an event that would cause a radical re-evaluation. And that's exactly what they often need – projects like this often have ill-defined requirements, which can lead to an on-going game of “Ping-Pong” between the business and potential supplier(s), and no control system to keep the project on-track or shut it down. Without such a control system even the best organisations can suffer from project failure.

The first step to fixing such zombie projects is to recognise them. A project health check, based on the PRINCE2's 'starting up a project' can quickly determine a) if things are fixable and b) identify what needs rectifying to bring things back on track. We've found with broken projects the cost of stopping them or radically reshaping them so they deliver the desired benefits is usually lower than expected; and much less than continuing to throw good money after bad. The ITIL disciplines can help make sure the requirements are defined in business terms - as services. PRINCE2 then helps ensure that the project is then run by a competent Project Board that understands its role and responsibilities, with a control system that keeps it on-track and on business case.

We've re-booted several projects like this on behalf of our customers – it's sometimes easier having the objective view. In one case, a business-level definition of requirements is likely to lead to a net saving of several million pounds over the coming years for one of our customers.



### Identifying and grasping opportunities

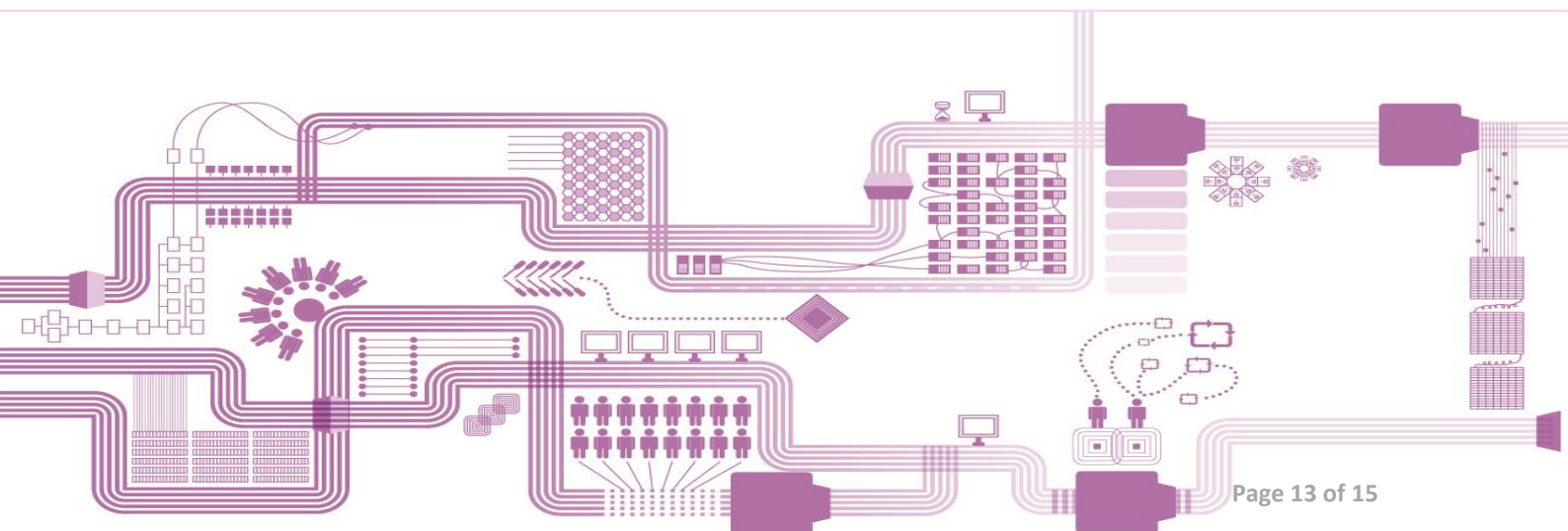
For smaller organisations, a new approach to IT can revolutionise capability. One 100 user organisation we worked with was undergoing significant growth and change, and was looking for IT to grow with them. This organisation is young and innovative, and we worked with them to define their business requirements, which included how they wanted to deliver their IT, and how they wanted to pay for it.

The result of our collaboration was a highly flexible Software as a Service (SaaS) implementation, which delivers services to their employees from a private cloud, which they pay for on a per-user per-month basis. So they get the services they need, literally wherever they want them, with a cost structure and scalability that holds no surprises as they grow and change.

This step-change in capability could only come about by a focus away from technical bits and bytes to a more high level business focus. Without this it would have been quite possible for the company to have continued down their existing path, incrementally adding hardware capacity as needed and never gaining the game-changing capabilities they now take for granted.

### Escaping lock-in

We've also been involved with organisations who fear their over-dependence on a single services supplier; lack of service level definitions meant it was difficult to approach other suppliers for 'like for like' or superior services. As is common when services are ill-defined, conversations tended to focus on IT capacity, rather than comparable services. We helped build clear service descriptions and levels so these organisations could engage with existing and potential suppliers at the right level. This definition process effectively opened up the organisations' service provision to competition, which is helping break supplier lock-in, improve service quality and lower cost.



## Benefit summary

ITIL and PRINCE2 bring many improvements to participating organisations. Here are the ones we think make the biggest difference to organisational capability:

- **Shared vocabulary** – terms that mean the same to every participant, backed up by glossaries and indexes with definitive meanings. This prevents misunderstandings and assumptions, leading to clear, unambiguous communication and effective action.
- **Clear roles and responsibilities** – projects and services often fail because things fall through the cracks, or less often, are forced through the cracks by people actively trying to avoid responsibility. Both these standards bring clarity to “who does what”, so there’s less chance of responsibilities being forgotten or wriggled out of.
- **Transparency** – all the processes, activities, principles and definitions are publicly available; it’s very difficult for a supplier or any other participant pull wool over anyone’s eyes, when anyone can look up the right section in the method and challenge it.
- **Best practices** – both these standards encapsulate hundreds of person-years of experience; far more than any project team could ever accumulate. There’s distilled knowledge and wisdom that helps avoid pitfalls and wheel re-invention.
- **Not built from scratch** – building anything from scratch is daunting; how do you make sure that everything’s been thought of? Both standards provide templates and check-lists that guide through the creation of a business case, assessing risk, or any other activity. You’re selecting from a set of proven best-practices, not worrying that you’ve overlooked something crucial in building your list.
- **Risk** – still often not explicitly addressed by many organisations, sometimes with dire consequences. Both standards strongly encourage, and provide effective frameworks for risk management.
- **Business case** – the fundamental justification for any project or service, sometimes created once and forgotten about. Both standards encourage, and help implement, a living business case that plays a fundamental part in controlling projects or designing services.
- **Supporting ecosystem** – training courses, supporting documentation, the standards themselves: all available a reasonable cost, not hidden away as the intellectual property of one organisation.

### Like to discuss more?

If you'd like to talk about any aspect of IT service and project management our Head of Services, Neil Pace, would be pleased to hear from you. Email him at [neilp@transputec.com](mailto:neilp@transputec.com) or call him at Transputec on 020 8584 1408.

### Who are Transputec?

Transputec are a "Triple-A" rated, privately owned company with many years of experience in the delivery of business transformation projects and on-going operational support services. Founded in 1984, Transputec Computers plc is an integrated IT solutions provider with service offerings including professional services, product fulfilment, software development and integration, managed services and business process outsourcing. For more information contact [sonny@transputec.com](mailto:sonny@transputec.com) or call 0208 584 1400.

