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| **IMPLEMENTING IT GOVERNANCE MECHANISMS FOR MUSGRAVE GROUP** |
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| **The purpose of this report is to outline the reasons IT Governance Mechanisms should be implemented for Musgrave Group and the recommendations on how to implement it.** |

**Table of Contents**

**Pages**

1. Introduction…………………………………………………………1 – 1
   1. Purpose of Project…………………………1 – 1
2. Explanation Of IT Governance Mechanisms…............2 – 2
3. **Implications for Musgrave Group………………………..3 – 3**
4. **Advantages / Disadvantages………………………………….4 – 4**
5. **Implementation Guidelines…………………………………..5 – 7**
6. **Conclusion…………………………………………………………..8 – 9**
7. **Bibliography...………………………………………………….10 – 10**

# INTRODUCTION

## Purpose of Project

The purpose of this report is to outline the reasons for implementing IT Governance Mechanisms and the recommendations on how to implement it in an organisation of my choice.

The organisation that I have chosen is “**Musgrave Group**”. The Musgrave Group is an Irish food wholesaler, founded by the Musgrave brothers, Stuart and Thomas in 1876 in Cork. Chris Martin is the current group CEO. It is the largest grocery distributor in Ireland.

At present, the group has operations in Ireland, Spain and United Kingdom and support thousands of other family businesses. It is the largest private company in Ireland by turnover and since then has expanded by acquisition.

As a family-owned business, Musgrave delivers the sales, marketing, sourcing and supply chain expertise in order for local entrepreneurs to go head-to-head with the international supermarket chains.

# EXPLANATION OF IT GOVERNANCE MECHANISMS

IT Governance Mechanisms is introduced in order to rationalize and coordinate IT-related decision-making so that IT assets, efforts and investments are aligned with an organisation’s strategic and tactical intents. A well-architected IT governance mechanisms involve careful consideration of a variety of issues such as: what are an organisation’s critical IT decisions, what policies need to be put in place to guide these decisions, who should be accountable for and who should contribute to these decisions, what procedures should be followed in carrying out these decisions, and which type of coordination mechanisms are most appropriate given the natures of these decisions (Sambamurthy and Zmud 1999; Weill and Ross 2004).

IT Governance Mechanism is defined as the specification of the accountability framework and the decision rights to inspirit desirable behaviour in the utilization of IT.

IT Governance (**ITG**) is also the strategic alignment of IT with business, such that maximum business value is achieved through the development and maintenance of effective IT control and accountability, risk management and performance management.

It is also defined, according to Gerrard as:

**“***The process that ensures the effective and efficient use of IT in enabling an organisation to achieve its goals.****” (***Gerrard, 2010***)***.

In addition, the definition consists of certain key concepts:

IT Governance is made up of processes with the inputs, outputs, roles and responsibilities that are inherent in a process definition. The role of IT Governance ensures, as opposed to executes. While, the goal of ITG is defined as a business goal, not just IT-related. The key performance measures, identified as effectiveness and efficiency, together represent business value.

# IMPLICATIONS FOR MUSGRAVE GROUP

Implementing IT Governance (**ITG**) will enable Musgrave Group to have the internal controls they need to meet the core guidelines of many of the following regulations such as data retention, confidential information, financial accountability and recovery from disasters. Moreover, implementing ITG in Musgrave Group will guarantee that the investments in information technology generate business value. Musgrave Group will be able to alleviate the risks that are associated with information technology (IT).

To summarize, implementing ITG will provide the following for Musgrave Group:

* It will ensure that IT delivers on its plans, budgets and commitments.
* It will enable the organisation, Musgrave Group to manage their risks, change and contingencies proactively.
* It will improve IT organisational performance, compliance, maturity and staff development.
* It will help align IT investments and priorities more closely with the business.
* It will manage, evaluate, prioritize, fund, measure and also monitor requests for IT services and the resulting work and deliverables, in a more consistent and repeatable manner that optimize returns to the organisation.
* It will provide Musgrave Group responsible utilization of resources and assets.
* It will improve voice of the customer (VOC), demand management and overall customer and constituent responsiveness.
* It will establish and clarifies accountability and decision rights (clearly defines roles and authority).

# ADVANTAGES / DISADVANTAGES

First and foremost, implementing IT governance helps Musgrave Group in determining the processes in deciding money matters. Since, prioritization and justification of the investments are very important in an organisation, application of IT governance will assist Musgrave Group to manage IT investments, service deliveries and projects in change management. Furthermore, IT Governance (ITG) is a useful tool that eliminates the reoccurring difficulties in IT. It is also a useful method that controls and coordinates in various areas of work. (Service, 2015).

This tool can be used to meet and achieve the internal policies, goal and regulation of the company like Musgrave Group. Again, with IT Governance, Musgrave Group can track their expenses and justify the spending of investments. Also, with this technique implemented in an organisation like Musgrave Group, it will align the roles and responsibilities of specific individuals who are assigned to create the necessary decisions in IT. In this case, decisions depend on not just one person but various individuals from departments like finance, operations, IT, administration, etc. are accountable to the decisions made in IT.

In addition, IT Governance accomplishes the management form for IT investment, service delivery and change management. In return, this can help Musgrave Group in improving IT and at the same time achieving their business goals. Good governance will ensure that the delivery of services in Musgrave Group is in a fashion that is more acceptable to the business. It will also ensure that there is a constant monitoring of these services and making sure that the problems in the fixing and program support are aligned with business needs.

However, improper implementation of IT Governance will indeed put Musgrave Group at a disadvantage over its competitors. IT Governance may prove to be a disadvantage if there is no clear plan on how to manage and implement it. Moreover, learning IT governance can take time. Therefore, it should be planned and managed in such a way that there is minimal or no change in design unless there is a need to change the desired behaviour. Otherwise, frequent redesigning of IT Governance will only add to the disadvantage of re-learning new or modified tools for Musgrave Group.

The disadvantage of conflicting goals will inevitably occur if Musgrave Group doesn’t have a clear set business goal in its IT governance. Confusion, unmanageable teams, mixed messages, complexity, mixed outputs, and many others add to the disadvantages of properly managed IT governance.

# IMPLEMENTATION GUIDELINES

The following are guidelines that should be taken into consideration when implementing a well- architected IT Governance Mechanisms in an organisation like Musgrave Group.

* **An enterprise wide approach should be adopted.**

This provides a strategic direction, ensuring that plans and objectives are achieved, assessing that risks are proactively managed and assuring that the organisation’s resources are used responsibly. In order to adopt this in Musgrave, the business and IT must work together to define and control requirements. A clear understanding and approval by Musgrave of what is within the scope of IT Governance should be in place. A committee approach is recommended for setting, agreeing, and monitoring direction/policy, etc. Moreover, IT should develop a control model that is applicable to all business divisions/units. A shared, cohesive view of IT Governance is needed across the company based on a common language. (Grembergen and De Haes, 2008).

* **Top level commitment backed up by clear accountability is a necessity.**

This is where IT Governance Mechanisms requires a commitment from top level management to be able to establish a better way of dealing with the management and control of IT. (Anon, 2015)

For IT Governance Mechanism to succeed in practice, a mandate and direction from the Executive/Board level management is needed in an organisation like Musgrave. Management accountabilities and responsibilities in the business, as well as IT, must be outlined. This involves leadership, roles and responsibilities, information requirements, organisational structures and processes being defined. With this taken into consideration, it ensures that the IT investment will be aligned with the overall strategies of the organisation (Musgrave), which maximises the application of available IT opportunities.

* **An agreed IT Governance and control framework is required.**

Musgrave Group should be able to avoid too much bureaucracy. They should be mindful of devolved decentralised IT organisations in order to ensure a proper balance between locally implemented practices and centrally driven policy. The framework being used must be supported by an awareness campaign and effective communication for the objectives of Musgrave to be understood, and for the implemented practices to be complied with. Also, incentives should be taken into consideration to motivate adherence to the framework used. The processes for ITG must be integrated with other enterprise governance practices. This is to prevent IT Governance from becoming just an IT owned process. For IT Governance to function effectively, an agreed framework for defining IT processes and the controls required to manage them must be defined.

* **Trust needs to be gained for the IT function, whether external and/or in house.**

In order for IT Governance to work effectively in an organisation like Musgrave, the providers of IT services and know-how need to be aligned to customer requirements and be seen as professional and expert. In other words, trust, joint workshops, awareness programmes and the information technology director acting as a bridge between IT and the business, must be developed by whatever means.

With high levels of cultural trust evidenced in an organisation like Musgrave, high-quality products and services will be produced at less cost since, they will recruit and retain highly motivated employees. These employees will enjoy their work, take the time to do their jobs correctly, innovate, take risks, make good decisions, embrace the organisation’s vision, mission, and values, and display organisational citizenship behaviour. For this reason, the management will be free to perform other tasks.

* **Measurement systems will ensure objectives are owned and monitored.**

The establishment of an information technology balanced scorecard should underpin and reinforce achievement of IT Governance objectives in Musgrave. The IT Scorecard examines where IT makes a contribution in terms of achieving business goals, being a responsible user of resources and developing people. In essence to initiate an IT Governance programme and raise awareness, an initial set of measures should be created. These initial set of measures should be in business terms and must be approved by all stakeholders. (Schwartz, 2015)

Additionally, “*performance management reporting, including accurate, timely, and relevant portfolio, programme, and IT project reports to senior management, provides a thorough review of the progress being made towards the identified objectives of the IT project.*” (Schwartz, 2015) With this review, Musgrave will be able to assess IT performance in terms of what shortfalls need to be addressed, and which deliverables have been obtained.

* **Focus on costs.**

Implementing improved ITG can result in financial savings being made. These will help Musgrave to gain more support for improvement initiatives. The costs and measurable returns on investments should be taken into consideration when implementing IT Governance in an organisation like Musgrave Group. Providing quality and reliability of service with no embarrassments should be taken into account. Moreover, IT should be able to respond to the needs of the business in order to return on investments.

The following are high-level recommendations on how to implement IT governance in an organisation like Musgrave:

1. Obtaining sponsorship/ownership at executive level/senior management.
2. Creating awareness and involvement for the IT governance initiative by business and IT senior and operational management.
3. Launching the IT governance project, providing a formal project organisation including project manager.
4. Assess the as-is situation. This includes resources that are already in place.
5. Defining to-be situation. This involves what the ideal ITG state will be like.
6. Then, start the ITG project quickly with the seven necessary IT Governance practices.
7. During initial phases, it is best to focus on relational ITG mechanisms in order to manage resistance.
8. In order to create a necessary and sufficient IT Governance framework, it is best to improve the ITG framework.
9. Once the ITG framework gets embedded into the organisation, it is best to shift focus from relational mechanisms to the improvement of the processes and structures.
10. Introducing a performance management system using a balanced scorecard, which helps in tracking and monitoring implementation continuously and improving the effectiveness of the ITG framework. (Anon, 2015)

# CONCLUSION

In conclusion, adopting an IT Governance Framework will not only align IT capabilities with business goals and needs but will allow IT to be measured and managed in a structured way. It will increase the value of IT to the organisation, Musgrave Group. And reduce risk, allowing IT to be continual improved. Effective and efficient governance is important to the success of Musgrave. IT Governance is a significant subset that will provide information sharing and applied technology for Musgrave. It will offer the organisation the opportunities to transform the way it does business, and it’s strategic to the growth of the enterprise. It will help improve IT process, IT portfolio such as projects and services, and the transparency of IT costs. It will also help Musgrave to clarify definition of user and provider relationships and decision-making accountabilities.

Furthermore, implementing IT Governance in an organisation like Musgrave Group will help improve the understanding of overall IT costs and their input to return on investment (ROI) cases. It will allow them to see IT risk/returns and improve contribution to their returns. The implementation of ITG will provide Musgrave the path to realise opportunities that might not receive sponsorship or attention. The implementation of ITG will also facilitate more business-like relationships with key IT partners (such as suppliers and vendors) and joint ventures with other companies. It will position information technology (IT) as a business partner and also clarify the kind of business partner information technology is. Implementing IT Governance will improve responsiveness to market challenges and opportunities.

Musgrave will be able to achieve clear identification of whether an IT service supports business or is intended to provide future added value. Meanwhile, expenditures that are unnecessary and are demonstrably matched to business goals will be avoided when IT Governance is implemented in an organisation like Musgrave. It will enable an integrated wide approach to meet external legal and regulatory requirements. And will increase transparency that will help raise the bar for performance and increase ability to benchmark.

On the other hand, I learnt that IT Governance Mechanism is not just an IT issue or only of interest to the IT function. In its broadest sense, it is a part of the overall governance of an entity, but with a specific focus on improving the management and control of IT for the benefit of the primary stakeholders. Essentially, it is the responsibility of the Board of Directors to ensure that IT along with other critical activities is adequately governed. (IT Service Management, 2011)

In essence, IT Governance is a relatively new concept as a defined discipline and is still evolving. It spans the culture, organisation, policy and practices that provide for IT management and control across five key areas such as:

* **Strategic Alignment** – This is providing the strategic direction of IT and the alignment of IT and the business with respect to services.
* **Value Delivery** – This is to confirm that the IT/Business organisation is designed to drive maximum business value from IT. Also, to oversee the delivery of value by IT to the business and assess return on investment (ROI).
* **Risk Management** – This is to make sure that processes are in place to ensure that adequate risks have been managed. It also includes an assessment of the risk aspects of IT investments. (Anon, 2015)
* **Resource Management** – This is to provide high-level direction for sourcing and use of IT resources – for instance, by skills rather than by line of business. It will allow organisations such as Musgrave Group to deploy employees to various lines of business on a demand basis. It oversees the aggregate funding of IT at an enterprise level. Resource Management will ensure that there are adequate IT capability and infrastructure to support current and expected future business requirements. (Anon, 2015)
* **Performance Measurement** – This is to verify strategic compliance – achievement of strategic IT objectives. That is putting structure around measuring business performance and reviewing the measurement of IT performance and the contribution of IT to the business (i.e. delivery of promised business value). (Schwartz, 2015)

I also learnt that IT Governance Mechanisms is an ongoing activity that requires a continuous improvement mentality and responsiveness to the fast changing IT environment. It can be integrated into a wider Enterprise Governance approach and can support the increasing legal and regulatory requirements of Corporate Governance. (Anon, 2015)

By implementing CoBIT framework, for instance, can be used by Musgrave as a way to integrate technology to implement controls and meet specific business objectives. It is a set of guidelines and supporting toolset for IT governance that is accepted worldwide.

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