Results of Benchmarking Service Management Processes (2)

Benchmarking is a much-used tool for determining the quality of an organization or a service with respect to other segments of the company, companies in the same industry, or companies in other industries. This didn't used to exist for service management processes, but that is now in the past. You can determine how well you have organized your service management processes compared to your competitors, or how the organization of these processes is within a multinational in the various countries compared to each other. And measuring should always lead to starting down the path toward improvement. Measuring for the sake of measuring makes little sense, after all.

Paul Barends

This subject is being dealt with at great length in two articles. In the first part, in Edition 3 (April) of IT Management Magazine, the theory of benchmarking was discussed, as well as very briefly the theory of the IPW Stages Model, that deals with maturity levels of processes and organizations. You were also given the opportunity to determine for yourself how your organization is doing with respect to a number of service management processes. You can now do that again if you didn't have the opportunity earlier. In this second part, the study into the maturity of service management processes in the Benelux and the accompanying results of the study will be discussed. And, of course, you can compare your scores to the scores in the market.

How well are we actually doing?

A question often heard in many companies is how well the service management processes are organized at other companies. Of course, the standard doesn't lie outside one's own organization, but it is interesting to know how well the direct competition is doing and to learn something from it. Various measuring instruments and questionnaires have been developed in the market for determining how you are doing, but setting them off against a reference group has not been available before. Now it is.

Approach and content of the study

The study of the quality of service management processes was performed at 24 different organizations in the Benelux. For determining the current level of service management processes within organizations, the Quick Quint Quest Service Management (QQQ SM) was used, a special tool for benchmarking developed by the author with five statements per service management process, in which a standard series of answers is used (never/not applicable, sometimes, regularly, always, don't know). In the QQQ SM, 21 processes are measured from the Integral IPW Model (Bom, Meijers, Van Herwaarden, 2001), see Figure 1 >>.

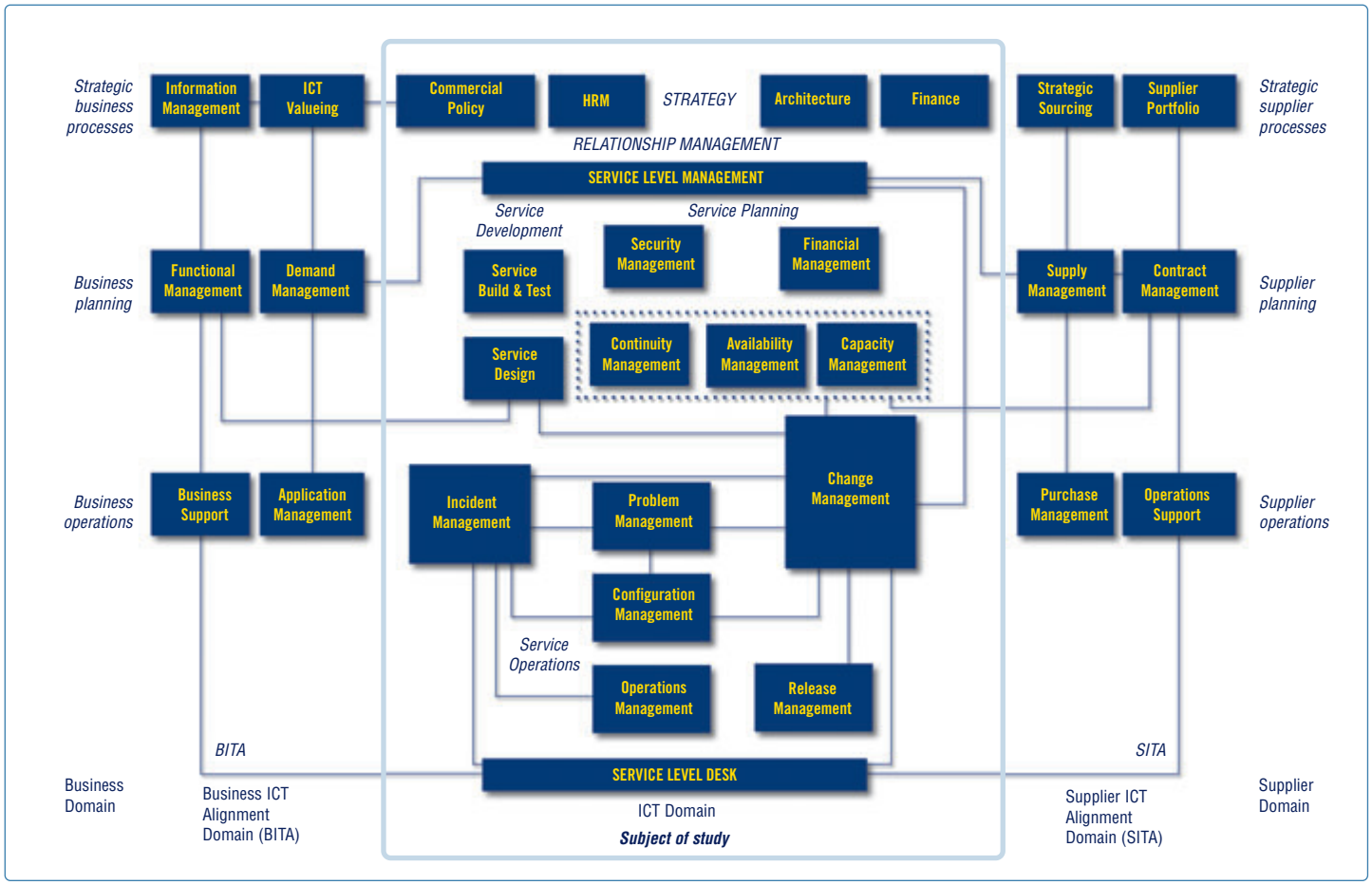


Figure 1 Integrated IPW Model (Bom, Meijers, Van Herwaarden, 2001)

The statements in the QQQ SM were formulated in the light of the IPW Stages Model, which measures against IPW Stage 3, "Controlled." The following scores can be attained per service management process:

– red = score 0-5 points
– orange = score 6-10 points
– green = score 11-15 points

If a maximum score is attained for all statements, the process characteristics of IPW Stage 3 are satisfied in outline. The powerful thing about the study is that its setup is fairly simple, it is stripped of technical language and it can be distributed quickly to a broad group within the organization.

The link between processes and strategies

In the QQQ SM, the strategy to be pursued is determined per organization. Seven frequently-used strategies within ICT organizations are rated by those being surveyed with a value between 0 (not very relevant strategy for the organization) and 5 (very relevant strategy for the organization). The strategy gives direction to the choice of which service management processes should be the subject of an improvement path. The basis for the strategies and the relationship between the various strategies and the accompanying service management processes was obtained in a workshop session of the ITSMF Congress in Noordwijk in 1997. The exact source can no longer be discovered.
The seven strategies are illustrated in Table 1.

Strategy	Abbreviated
1. The ICT organization wants to improve its image by improving the relationship with customers and suppliers	Image improvement
2. The ICT organization has unnecessarily many product liens and suppliers and wants to standardize	Standardization
3. The ICT organization must be able to deliver the current levels of service predictably	Predictable service
4. The ICT organization should work more efficiently and implement a cost reduction	Cost reduction
5. The stability of the ICT infrastructure should be increased	Stable infrastructure
6. The customer requires that the service levels of the current services be improved	Improvement of service level
7. The ICT organization wants to reduce the independence of external suppliers	Independence of external suppliers

Table 1 Summary of strategies within ICT organizations

The strategies and the accompanying strategy windows have been further developed by the author and provide a first focus on service management processes that must be part of an improvement path.

Figure2 Strategy 1 window: Image improvement)

Figure 3 Strategy 3 window: Predictable service

Two strategies and the accompanying service management processes are discussed in brief outline below.

Strategy 1: Image improvement

(Figure 2)

In image improvement, it is the processes with intensive customer contact or supplier contact that play an important role. The way in which this customer contact takes place forms an important part of the image of an ICT organization. In addition, security, financial management and a structural reduction in the number of incidents play an important role in having or acquiring a good image.

Strategy 3: Predictable service

(Figure 3)

In predictable service, unequivocal agreements will have to be made with both customers and suppliers about the required service and its costs. An interpretation must also be given to the processes that play a role in the (structural) solution of malfunctions, as well as the controlled implementation of changes in the ICT infrastructure.

Study results – General

The classification into sectors, as used in the study, is the classification as drawn up by the CBS (Central Bureau for Statistics). Figure 4 shows the sectors in which benchmarking scores were gathered. No scores were

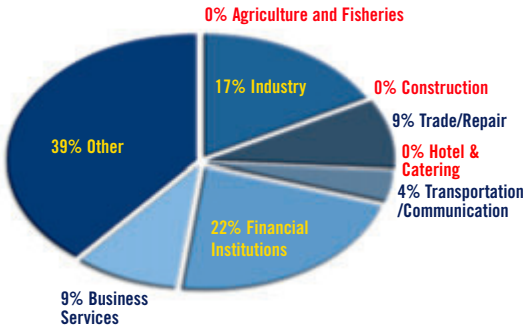


Figure 4 Benchmark by sector

gathered in the Agriculture and Fisheries, Construction and Hotel and Catering industries. Those are the sectors where very little is being done at the moment in organizing service management processes. The best response was received from the Industry, Financial Institutions and Other sectors. This latter sector consists primarily of government agencies.

Study results – Specific

The results of the study are shown in a "Best in Class" score, colored in the Service Management Model. In addition, the preferred strategy is shown.

A large number of cross-sections to various approaches were distilled from the study: a total of 23 various benchmarking results against which every organization can measure itself. There are results by sector (Industry, Trade and Repair, Transportation and Communication, Financial Institutions, Business Services, Other), by organization type (profit, non-profit), by number of ICT employees (<10, 10-20, 20-50, 50-100, 100-200, 200-500, 500-1000, >1000) and by strategy (see Table 1). Several examples are discussed below.

Example 1: Best-in-Class Benchmark, All Sectors

(Figure 5)

Analysis:

The first thing that is striking is that, across all sectors, not a single service management process is at IPW Stage 1. The preferred strategy is image improvement. The second strategy is predictable service. A number of processes also score high in IPW Stage 2: Security Management and Continuity Management both score 10.0 and are therefore at the boundary between IPW Stages 2 and 3. If the window of the preferred strategy of image improvement (see Figure 2) is set against the level of the various processes, then it is striking that the processes that should definitely be in order all score "green" (IPW Stage 3). Exceptions are Security Management ("almost green"), Service Level Management and Contract Management (both "orange").

Example 2: Best in Class Benchmark, Financial Institutions Sector

(Figure 6)

Analysis:

A striking aspect in the Financial Institutions sector is that Capacity Management scores "red." Of the

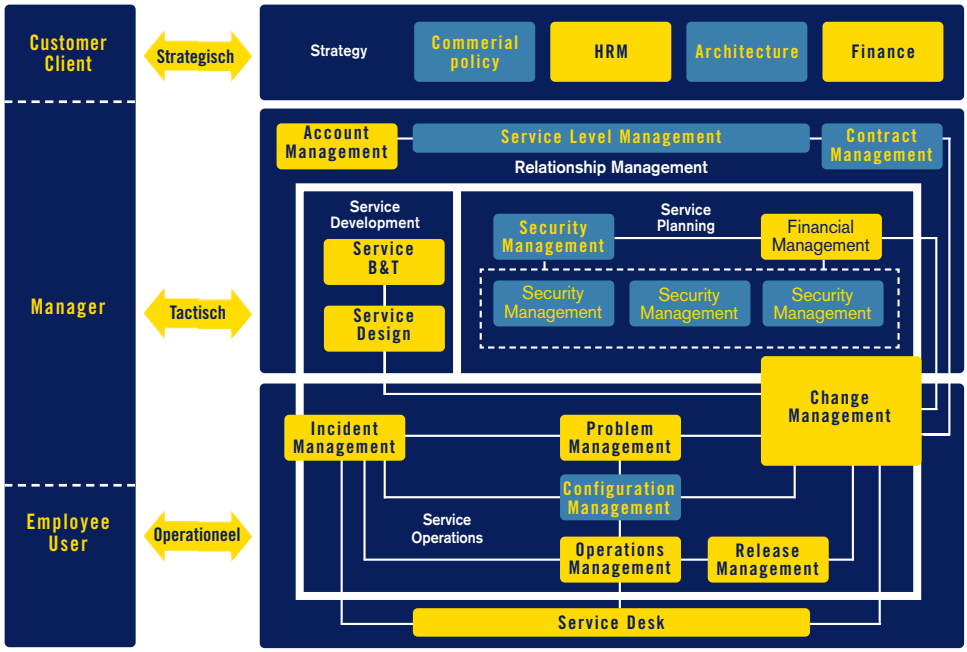
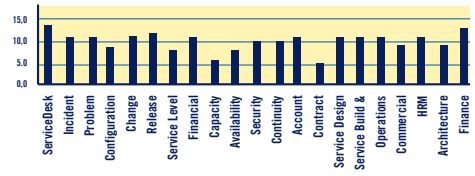
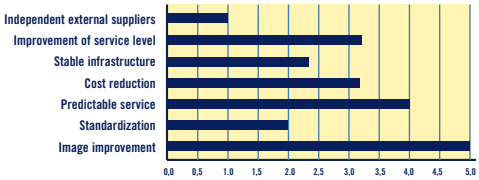


Figure 5 Best-in-Class Benchmark, All Sectors



Benchmark Best-in-Class Process – All Sectors



Best-in-Class Benchmark, Strategy – All Sectors

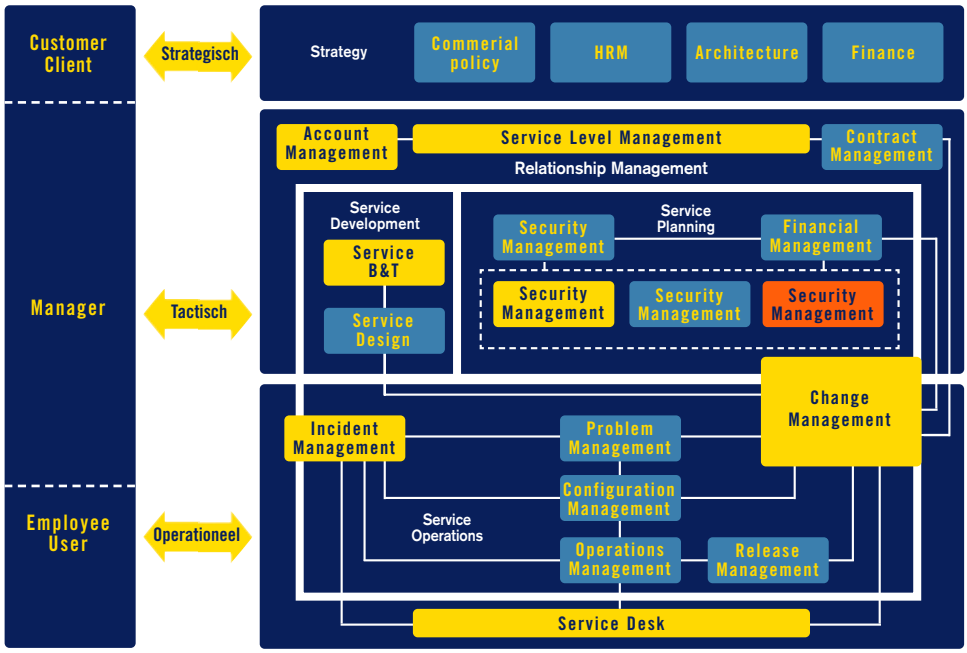
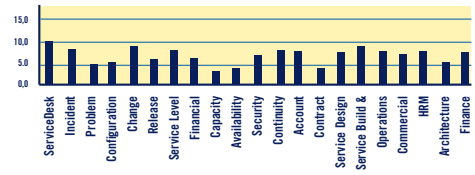
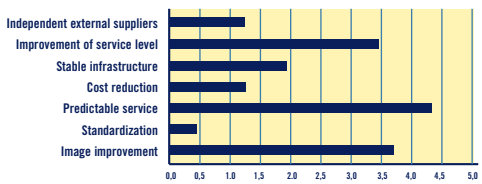


Figure 6 Best-in-Class Benchmark, Financial Institutions Sector



Best-in-Class Benchmark by Process – Financial Institutions Sector



Best-in-Class Benchmark by Strategy – Financial Institutions Sector

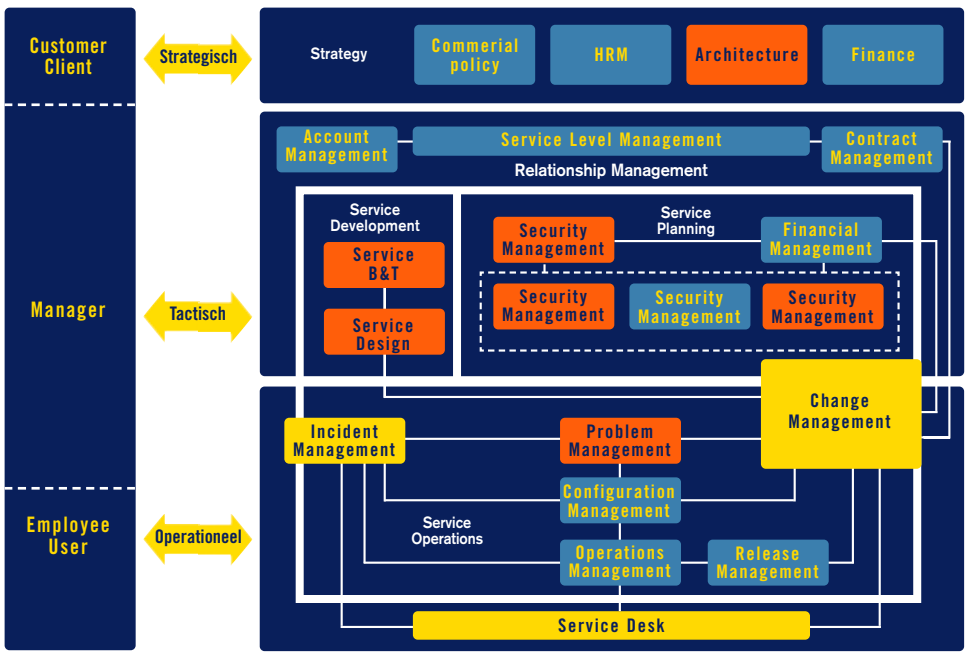
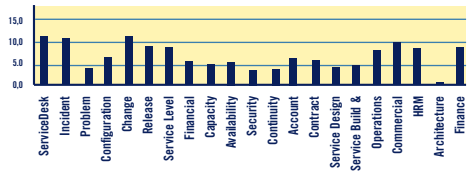
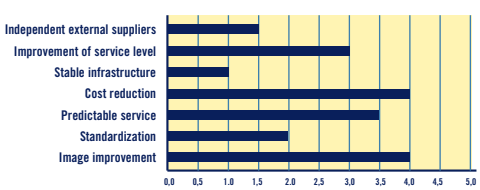


Figure 7 Best-in-Class Benchmark, Business Services Sector



Best-in-Class Benchmark by Process – Business services Sector



Best-in-Class Benchmark by Strategy – Business Services Sector

CATEGORY	NO SCORE	INITIAL	OPERATIONAL MONITORING	OPERATIONAL CONTROL
ALL SECTORS				
Best in Class				
Average				
BY SECTOR				
Agriculture and Fisheries				
Industry				
Construction				
Trade and Repairs				
Hotel and Catering				
Transportation and Communication				
Financial Institutions				
Business Services				
Other				
ORGANIZATION TYPE				
Profit				
Non-profit				
NUMBER OF ICT EMPLOYEES				
<10				
10-20				
20-50				
50-100				
100-200				
200-500				
500-1000				
>1000				
STRATEGY				
Image Improvement				
Standardization				
Predictable Service				
Cost Reduction				
Stable Infrastructure				
Improvement of Service Level				
Independent External Suppliers				

Table 2 Summary of Organizational Maturity by Study Category

processes that scored "orange," Incident Management and Service Design are on the boundary between IPW Stage 2 and IPW Stage 3 (score is 10.0). The preferred strategy is Predictable Service, and right behind it are Image Improvement and Improvement of Service Level as second strategies. Looking at the preferred strategy, the accompanying processes (see Figure 2) are all at Level 3, with negative exceptions for Contract Management, Financial Management, Problem Management and Operations Management.

Example 3: Best-in-Class Benchmark, Business Services Sector

(Figure 7)

Analysis:

What is striking in the Business Services Sector is that no clear signature can be found. Of the processes that score "red," Capacity Management and Service Build and Test are on the boundary between IPW Stage 1 and IPW Stage 2 (score is 5.0). of the processes that score "orange," Commercial Policy is on the boundary between IPW Stages 2 and 3 (score 10.0). The preferred strategy is Cost Reduction, with Predictable Service and Image Improvement as second strategies. Looking at the preferred strategy, then the accompanying processes are all around Level 2, with a positive exception for Change Management, and negative exceptions for Service Design, Continuity Management, Capacity Management and Problem Management.

Conclusions from Study Results – Organizational Maturity

Excellent insight was obtained from the benchmarking study into the level of service management processes toward various approaches of organizations. All the conclusions are summarized in Table 2 above.

Conclusions from Study Results – IPW Stages Model

(Table 3)

Benchmarking Service Management provides the possibility of testing the theory of the IPW Stages Model against actual practice. The most important conclusion that must be drawn is that the IPW Stages Model is an excellent tool for realizing the implementation of improvements in process-oriented work in a structured manner. The best-practice model has also been shown to have withstood an extensive test with practical data in an outstanding manner. A confirmation therefore of the quality of the model.

A small number of processes deviate from the theory. This deviation is also confirmed in practice by many colleagues specialized in organizing and improving service management processes. The IPW Stages Model was adjusted for the Financial management, Continuity Management, Account Management, Commercial Policy, HRM and Architecture processes and resulted in an updated Integrated IPW Stages Model.

Conclusions from Study Results – Strategy

Analyses of the study have shown that, in scoring the strategies, Strategy 3, Predictable Service, almost always emerges as the second strategy. That means that every ICT organization must work on predictable service. For many ICT organizations, that goes without saying, but for many other ICT organizations, this still often appears not to be the case. This definitely means that something still must be done about the strategies accompanying these processes, i.e.

– Service Desk
– Operations Management
– Incident Management
– Problem Management
– Change Management

INTEGRATED IPW STAGES MODEL VERSION 2.1		ORGANIZATIONAL MATURITY LEVELS				
		Initial	Operations Monitoring	Operations Control	Service Control	Service Improving
	Proces	Proces				
Service Operations	Operations Management	(1) not identified	(2) monitored	(3) controlled	(4) proactive	(5) improving
	Service Desk	(0) not performed	(2) monitored	(3) controlled	(4) proactive	(5) improving
	Incident Management	(1) not identified	(2) monitored	(3) controlled	(4) proactive	(5) improving
	Problem Management	(0) not performed	(0) not performed	(2) monitored	(3) controlled	(4) proactive
	Change Management	(1) not identified	(2) monitored	(3) controlled	(4) proactive	(5) improving
	Release Management	(1) not identified	(1) not identified	(3) controlled	(4) proactive	(5) improving
	Configuration Management	(0) not performed	(0) not performed	(2) monitored	(3) controlled	(4) proactive
Service Planning	Capacity Management	(1) not identified	(1) not identified	(2) monitored	(3) controlled	(4) proactive
	Availability Management	(0) not performed	(0) not performed	(2) monitored	(3) controlled	(4) proactive
	Financial Management for IT Services	(0) not performed	(2) monitored	(3) controlled	(3) controlled	(4) proactive
	Security Management	(0) not performed/ (1) not identified	(1) not identified	(3) controlled	(3) controlled	(4) proactive
	ICT Service Continuity Management	(0) not performed	(1) not identified	(2) monitored	(3) controlled	(4) proactive
Service Development	Service Build & Test	(0) not performed/ (1) not identified	(2) monitored	(3) controlled	(4) proactive	(5) improving
		(0) not performed/ (1) not identified	(2) monitored	(3) controlled	(4) proactive	(5) improving
Relationship Management	Service Level Management	(0) not performed	(0) not performed	(2) monitored	(3) controlled	(4) proactive
	Account Management	(0) not performed	(2) monitored	(3) controlled	(3) controlled	(4) proactive
	Contract Management	(0) not performed	(2) monitored	(3) controlled	(3) controlled	(4) proactive
ICT Strategy	Commercial Policy	(0) not performed	(1) not identified	(2) monitored	(3) controlled	(4) proactive
	Hrm	(0) not performed	(2) monitored	(3) controlled	(3) controlled	(4) proactive
	Architecture	(0) not performed	(2) monitored	(2) monitored	(3) controlled	(4) proactive
	Finance	(0) not performed	(2) monitored	(3) controlled	(4) proactive	(5) improving

Table 3 Organizational Maturity with Accompanying Process Maturity, Updated

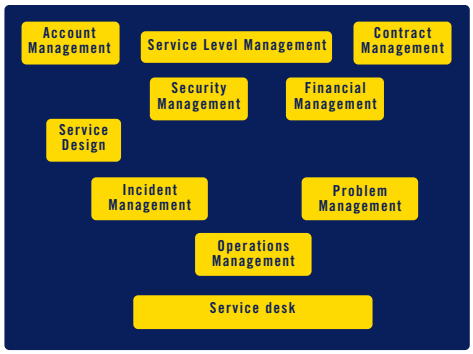


Figure 8 Strategy Window for Predictable Service Benchmark

– Financial Management
– Account Management
– Service Level Management
– Contract Management

The process maturity accompanying these processes can be used as target levels by every ICT organization (see Process Maturity Levels in Table 3).

Would you like to complete the Quick Quint Quest Service Management for the Incident Management Process, the Change Management Process and the Configuration Management Process yourself? Go to http://qqq.quint.nl.

If you wish, you will then receive a brief analysis of your score compared to your sector and a brief recommendation on points for improvement in your own organization.

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Paul Barends is an Implementation Manager at Quint Wellington Redwood and has more than 15 years of experience in organizing service management processes at various large Dutch organizations. For the completion of his MBA, he studied the level of service management processes at a number of large companies in the Benelux and developed a measuring instrument for quick testing of the level of service management processes against the IPW Stages Model, a maturity model for service management processes. He regularly publishes articles about service management, information security and program management in various professional journals.