

SAMPLE CHAPTER

Chapter 7

Governance

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Implementing Enterprise 2.0

A practical guide to creating business value inside organizations with web technologies

Ross Dawson
and the Advanced Human Technologies team

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Chapter 7

Governance

Overview

- Establishing clear and effective governance for Enterprise 2.0 initiatives is for most organizations the most important factor in achieving high-value outcomes.
- The six key steps in a typical governance process include nominating project leaders and sponsors, prioritizing outcomes, identifying risks, and setting policies and guidelines.
- The governance process should result in strategies that take full account of and address both potential risks and potential value for the organization.



Governance

The establishment and implementation of a framework of management processes that:

- define stakeholders and their interests;
- set clear expectations;
- maximize benefits;
- manage risk;
- specify decision rights; and
- monitor performance.

These processes create accountability for directors, executives, and staff in how they support the organization's objectives and strategies.

'Governance' comes from the Greek word 'to steer'



See Chapter 15 for details on contrast between "bottom-up" and "top-down" schools of Enterprise 2.0

Developing Enterprise 2.0 Governance

Establishing clear and effective governance for Enterprise 2.0 initiatives is for most organizations the most important factor in achieving desired outcomes.

Those who believe that a 'bottom-up' approach is most appropriate for Enterprise 2.0 initiatives would argue that starting with governance initiatives established or supervised at the senior executive level in an organization is most likely to result in little of value ever happening. According to this school of thought, the most valuable initiatives will emerge without senior management guidance or visibility. At this point organizational support for the activities can be sought and gained.

A key advantage of establishing a governance framework early is that all of the concerns of senior executives and stakeholders will have been raised and addressed. This means that initiatives, once begun, should not encounter major obstacles further down the track, and key challenges will be visible from the outset.

Deciding whether to engage in establishing a governance framework, and if so appropriate processes for doing so, will depend largely on the organization's size, management structure, culture, and style. Larger organizations, government departments, and listed companies in particular are likely to prefer a highly structured and documented approach which will provide a rigorous view of organizational benefits and risks. Smaller organizations, particularly private companies and some not-for-profit organizations, may be more comfortable with a briefer review and analysis.

Six steps in a typical governance process

1. Nominate a project leader and project sponsor
2. Identify key stakeholders and interests
3. Prioritize desired outcomes
4. Identify risks and concerns
5. Establish and/ or communicate staff policies
6. Set IT strategies and guidelines

For details see next page.



See Chapter 17 for insights into selecting a leader for Enterprise 2.0 processes



See Chapter 15 for details on contrast between “bottom-up” and “top-down” schools of Enterprise 2.0

Typical governance process

1. Nominate a project leader and project sponsor

Creating a governance framework is a significant initiative that requires access to key stakeholders. A senior executive project sponsor should be named who will facilitate access to resources and people where required. The project leader can be either an internal manager with the appropriate skills and understanding of the organization, or an external consultant who has the benefit of independence from organizational politics.

2. Identify key stakeholders and interests

Different groups in each organization will have different perspectives on implementing Enterprise 2.0. While it is probably not possible to entirely satisfy every group’s interests, it is valuable to understand the perspectives from each group.



Enterprise 2.0 in Action: Large professional services firm

A large professional services firm with a risk-averse culture and highly structured processes found that a number of partners and managers in various roles within the organization, were either lobbying for the use of Web 2.0 tools in their groups, or in fact trialing Web 2.0 initiatives without formal approval. Groups involved included corporate communications, learning, technology consulting, and IT support.

After a period of suppressing unapproved initiatives, with the risk management group denying requests for trials, the partner on the firm’s executive committee responsible for innovation established a review of Web 2.0 tools, in particular addressing the applications already suggested by group across the organization.

An external consultant was appointed to drive the initiative. The first step taken was to identify all relevant internal groups, and based on brief phone interviews, establish their viewpoints on potential value and risks. The consultant then ran a two-hour workshop of representatives from each of the internal stakeholder groups, commencing with the stated views from each group, and identifying specific areas where there were differences of opinion. From this a map of internal stakeholders and their interests was created.

One approach is to build a matrix of stakeholders and their perspectives on potential applications, including what they see as key benefits, key concerns, and what the priorities should be. A simple worksheet illustrating this is shown at the end of this chapter.

For instance, the board of directors may see important potential benefits in the company being seen as innovative and a good employer by providing staff who have young children with flexible working arrangements. The key concerns for the board might be the potential for reputation impact and productivity impact if tools are used inappropriately. The sales group might place a priority on enhancing their productivity by reducing email clutter, and being better able to identify and access expertise and resources across the firm.

More sophisticated stakeholder analysis approaches may also be used, including mapping key dimensions such as Power (Weak to Strong), Stance (Negative to Positive), and Activity (Passive to Active) for each stakeholder.

3. Prioritize desired outcomes

In order to implement high-value initiatives, these need to be prioritized. Establishing a clear view of the highest priority outcomes enables initiatives to be established that will best support these.

Examples include:

- A company focused on research & development in industries such as pharmaceuticals or medical devices may prioritize acceleration of innovation, product development, and product launch.
- A professional firm for which attracting talented graduates and young professionals is a key competitive factor may prioritize the use of social media tools in recruitment, and implementing internal tools such as social networks that may be initially deployed for incoming staff.

The prioritization process will often be done in a workshop environment, with representatives of key areas discussing the key performance indicators for their department or area, and how they see Enterprise 2.0 approaches being able to support them achieving these.



For the primary potential risks and concerns of Enterprise 2.0 see Chapter 4

4. Identify key risks and concerns

Every organization will perceive different risks and concerns from implementing Enterprise 2.0. It is important to assess and clearly identify the risks and benefits that are most relevant.

Examples include:

- A call center which employs many young people in a highly process-driven environment may be concerned with the productivity impact of staff using public social networks.
- A financial advisory firm may need to ensure an audit trail of all external communication to comply with securities regulation.
- A strongly hierarchical organization may be concerned about inappropriate communication between junior staff.

Key issues in risk and governance

Carefully distinguish between the perception and reality of risks.

Risks must be balanced against value creation.

Recognizing risks allows them to be eliminated, minimized, or mitigated.

5. Establish and/or communicate policies

Policies establish the basic rules and guidelines for how staff work, providing one of the most direct mechanisms for implementing governance.

Most organizations have already established policies that address basic issues such as appropriate public behaviour, disclosure of confidential information, and use of company resources for personal purposes.

In many cases existing policies are adequate for most purposes other than external blogging. Whether existing policies are used or new policies are developed, the most important issue is communicating those policies in such a way that employees understand and comply with them.



See Chapter 8 for details on setting policies.

6. Set IT strategies and guidelines

IT strategies for Enterprise 2.0 need to be set in the context of comprehensive technology strategies for the organization. These will take into account existing IT platforms, anticipated IT requirements of the organization over coming years, migration to new hardware or software platforms, the impact of mergers or acquisitions on enterprise IT, and many other factors. The introduction of web-based technologies may simply provide an overlay of collaborative functionality to core IT systems, or they may be central to a fundamental shift in IT architecture. It is the role of the Chief Information Officer, the executive team and the board to establish and approve these broader directions.

Stemming from the overarching long-term IT strategy for the firm, clear parameters for the use of Enterprise 2.0 tools will be established. In many cases these will include the selection of company-approved platforms that meet security and other requirements, and to enable ready integration of content and activities with existing IT systems. Some organizations may permit experimentation with some externally-hosted applications, but require approval if the use goes beyond specific parameters.

Other issues that need to be addressed include assessing the requirements for additional bandwidth relative to business benefits, and monitoring employee web usage.

Over the last decade organizations have become more dependent on Internet communication for a wide array of functions including accessing industry information, financial reporting, accessing and sharing supply chain information, and many other important business applications.

This shift to significant external connectivity and information flows has meant that IT departments have for many years developed sophisticated IT security measures and policies to deal with this. As such, for most organizations security is commensurate to broad-based use of web technologies in the organization.

However IT security is driven by both effective technology measures and systems, as well as appropriate behaviors by users across the organization. These are best addressed by education on what specifically can create a security risk.



See Chapter 22 for an overview of major options for technology platforms for Enterprise 2.0



See Chapter 19 on Implications for IT for more information on the role of Enterprise 2.0 in IT strategies.

Worksheet: Stakeholder Interests

Use this worksheet as a template for assessing the priorities and perspectives of key stakeholders in your organization.

	Key benefits	Key concerns	Priorities
Board of directors			
IT			
HR/ Internal communications			
Recruitment			
Marketing			
Risk			
Graduates			
Job applicants			