



## Chapter IX

# How to Successfully Manage an IT Department Under Turbulent Conditions: A Case Study

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### EXECUTIVE SUMMARY

*The case study describes the history of the IT department of a South African bank and how it started to introduce information technology to gain competitive advantage. Apart from explaining how the IT department made progress through the years, the case study explains the problems and frustrations end users and IT professionals experienced with regard to wrong decisions made by management. Furthermore, the case study describes how a new management team was appointed to solve the serious situation in the IT department and as such in the bank as a whole. It also describes the strategies followed, and the policies and actions introduced to overcome the problems. Special management models for problem management and project management that were used by the management team to organize and direct the actions of IT specialists are introduced.*

## BACKGROUND

In the early 1950s when the Cooperation Bank (nom de plume) was established, all banking transactions were done by hand. The bank started with about 5,800 clients and in a short period of time grew to one of the major banks in South Africa today, having about 800,000 clients. Although the bank performed well without using any special information technology, its top management realized that in order to gain competitive advantage, they needed to look at the whole situation of applying information technology.

In the late 1970s the top management decided to establish the bank's own IT department and appoint the necessary IT personnel to do the job. IT skills were very rare, and they decided to allow their current bank people to take part in a selection process in which employees could apply to follow a career in the IT department. If initially selected, an employee had to write an aptitude test and went through a thorough interview process. If an employee finally was selected, he/she went through the necessary training programs for the specific job. In this way the bank established an IT department with about 40 of its own bank employees and 20 employees from outside the banking environment. The number of employees later grew to 110. The most important IT functions that were established at that stage were those of development, facilities and training.

In the late 1970s the IT department established a network division. Its manager reported directly to the facilities manager. At this stage more than 11 large transaction processing mainframe systems and 20 online systems were developed. A large network of terminals was available, allowing end users to have access to different data/applications from remote terminals. The above-mentioned systems were developed to support bank managers in their decision making, as well as for serving clients at bank branches. Some of the most important applications/systems in this regard are:

- General ledger
- Payroll system
- Budget
- Human resources management system
- Marketing system
- Branch systems for handling savings accounts and investments

In the late 1980s the bank started to use microcomputers on a limited basis. Under the strict (almost autocratic) control of the bank's administrative manager, employees were allowed to buy microcomputers and certain software. This was the case for the head office of the bank, the 80 branches, as well as for the IT professionals.

No standards were available when buying microcomputer technologies, and everyone who was able to convince the administrative manager about his/her specific taste could buy what he/she wanted.

Also in the late 1980s, the IT department grew to such proportions that the need for an *end-user computing* division and a *training* division emerged. End users with the necessary skills and knowledge, and who had access to microcomputer technology, started to develop their own systems. Although this contributed to a decline in the backlog, there were neither standards nor proper control over these systems develop-

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