

White Paper

Solutions for HR bottlenecks in STAFFING THE IT DEPARTMENT

INTRODUCTION

IT staffing is a delicate balancing act. Hire too few people and you face an overburdened IT department that may actually impede growth. Hire too many, however, and you waste money. Your goal, of course, is to make the biggest impact at the lowest cost. Companies that study their staffing requirements methodically, focus on efficiency, and make smart use of partners can keep IT headcount low and business performance high.

TABLE OF CONTENTS

The Right IT Staffing Model for Your Business

- Calculate IT demand and supply
- Focus on efficiency before hiring
- Use consultants and outsourced workers to fill in the gaps
- IT skills you need now: Think business, not technology

IT Department Outsourcing

- What are the drivers?
- Benefits
- Risks & Costs

The Right IT Staffing Model for Your Business

A smart IT staffing strategy is critical to achieving business goals. While there is no single formula for determining how many IT employees your company needs, or whether to outsource a part of your IT department, by following a few basic principles you can strike a balance between controlling headcount and meeting business requirements.

Calculate IT demand and supply

To get a sense of whether your IT department has the right number of people, compare your current IT staffing ratio to prevailing averages. Companies with 100 to 500 employees typically have four or five IT staffers, while those with 500 to 1,000 employees usually have 10 or 11 IT staffers.

Be careful when using such broad figures, however. Every business is different. For example, rapidly growing businesses often need larger IT departments, as do companies in technology-oriented fields.

Another approach is to conduct a benchmark study of IT staffing at similar companies in your industry. Consultants can help with such projects, but less formal (and less expensive) research techniques can be effective, too. Talk to peers from trade groups and professional associations about how many IT people they have on staff, or ask your technology vendors how many IT people their clients typically employ. If comparable businesses consistently use fewer or more employees than you do, you may have a staffing problem.

Even better than benchmarks, however, is an annual analysis of your company's specific requirements. Begin by estimating how many hours of labor you will need during the coming year in each of these three categories:

1. Fixed demand: Planned IT projects, such as hardware upgrades and application rollouts.
2. Variable demand: Unexpected IT needs in response to emergencies or changing market conditions.
3. Maintenance and operations: The basic technical support and systems administration work that keeps your employees productive and your servers and networks running smoothly.

Next, multiply your total number of IT employees by the hours in a typical workweek to arrive at a rough measure of the work hours in your current IT labor supply. If that figure exceeds your estimated demand, then you are probably overstaffed. Conversely, if the figure is lower than estimated demand, you may not have enough people to get the job done.

Focus on efficiency before hiring

There are two ways to address understaffing: Increase your workforce or reduce your workload. Before hiring additional employees, make sure your IT staff is as productive and efficient as possible by taking steps such as these:

- **Standardize processes:** Organizations can trim their staffing needs by replacing ad hoc management processes with standardized ones such as those in the Information Technology Infrastructure Library, a popular set of IT best practices.
- **Minimize customization:** Supporting customized systems takes time and effort, so keep custom adaptations to a minimum on all but your most strategic systems to help cut IT overhead.
- **Consolidate infrastructure:** Using fewer, more powerful servers and network devices where possible not only lowers hardware expenses but helps contain staffing costs too. A consolidated infrastructure requires fewer people to manage it.
- **Centralize administration:** Monitoring your entire infrastructure from a single control center reduces your need for administrative staff. Many vendors offer tools that make centralized administration possible.

Use consultants and outsourced workers to fill in the gaps

Consider hiring contractors and vendors when you urgently need specialized talent but have trouble recruiting full-time staff. Furthermore, outsourcing routine technical jobs helps keep IT departments lean. For example, a company can use permanent staffers only for jobs requiring deep understanding of core strategies. You must make sure the [full-time] employees in your information services department are first and foremost business process experts.

Still, critical technical skills — around legacy or industry applications, for example — should remain internal. That is why many midsize companies are shifting responsibility for increasingly important functions such as security and business continuity away from vendors to full-time employees.

In the end, the trick to IT staffing is satisfying two sometimes contradictory imperatives. There is always pressure to perform and pressure to keep headcount as low as possible. Meeting both demands is a challenging goal that every business must pursue in its own way.

IT skills you need now: Think business, not technology

IT workers with expertise in security, disaster recovery, and storage are in high demand. But companies should consider business savvy as much as technical knowledge when hiring, according to many analysts and consultants. Here are three reasons why.

1. IT is becoming more strategic. With IT playing a growing role in providing competitive advantage, companies need workers whose understanding of business processes matches their understanding of applications and networks.
2. Communication is critical. Today's IT strategists work closely with businesspeople from across the company, so they must be able to express technical concepts in terms nontechnical people can understand. Similarly, a basic appreciation of business ideas is important.
3. **Outsourcing is on the rise.** As vendors take greater responsibility for keeping servers running and systems available, the ability to supervise contract workers and manage partner relationships is fast becoming a must-have skill for full-time IT employees.

IT Department Outsourcing

Outsourcing a part or a complete IT department frees up a company's valued IT personnel so they can support their mission critical business processes. In addition many companies today are finding that they cannot take the risk or endure the financial burden of running their whole IT department in-house. Outsourcing a part or a complete IT department can make financial and business sense to companies of all sizes. In many organizations, users demand the highest level of service – both from a technical and a customer care perspective. This can be challenging for smaller in-house teams to achieve as they are often so busy tackling the day-to-day issues, making it difficult to implement any IT improvements.

Outsourcing IT department – What are the drivers?

Growing pains: Is your company growing rapidly or making acquisitions? What impact is this growth on your IT staff and resources? Outsourcing either a part or the whole of your IT department is now an accepted mainstream solution.

Downsizing: Is your organization downsizing? What are the impacts of this on your IT service delivery? IT department outsourcing is an option worth evaluating to save costs and improve efficiencies.

Infrastructure refresh: Are you coming to the end of your IT systems lifecycle (servers, laptops, PCs)? This is usually a three year cycle. This event is the right time to consider the options of IT department outsourcing.

Business Start up: Is your company in startup mode? Getting IT right is important but probably not your core business objective. Consider outsourcing IT to experts who'll support your venture from an IT department perspective whilst you and your team get on with making your business work.

Outsourcing a part or a complete IT department may provide the following benefits:

- Quick deployment
- Flexibility in the choice of technology and modules
- Improvement of cash flow management
- Reduce the burden on internal IT staff
- Efficient use of internal resources
- Strong skills sets at lower costs – access to a mix of technicians with unique skills
- Better risk management, especially those risks associated with unscheduled downtime due to major disruptions.
- Avoids expensive recruitment
- Cost savings – eliminates the financial strains that necessarily go hand-in-hand with the running of an internal IT department
- Time savings – companies are concentrating on their own core business resulting in higher productivity

Risks & Costs of IT Department Outsourcing

IT department outsourcing can expose the company to associated risks that potentially have higher costs than benefits for the company. Some of those associated risks could be:

- Loss of control over service quality
- Possibility of service disruption due to instability of vendors
- Increased complexity of managing and monitoring the outsourcing contract
- Poor communication between the business and the third party

Outsourcing IT services to a third party potentially puts a company's reputation at risk – if suppliers or partners let it down. Organizations in both public and private sectors need a process of regular assurance from their external partners.

With a rigorous system in place, businesses can manage their external relationships and reputation more effectively, while allowing legal and working arrangements to be adjusted as the partnership evolves.

At the outset risks can be minimized by ensuring that due diligence is undertaken on prospective service providers.