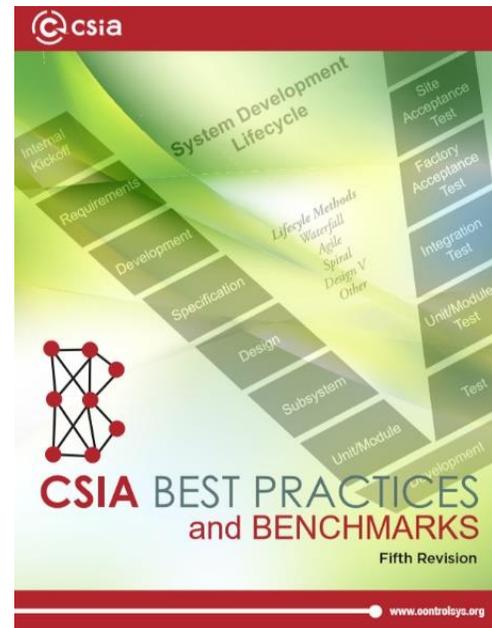


## Understanding the CSIA Audit Report

The CSIA Best Practices and Benchmarks (BP&B) guidebook is a great tool for internal improvement of a system integration organization. By comparing yourself to others, you can gauge your performance against an industry standard. One developed by system integrators for system integrators. These best practices provide numerous benefits:

- They are unique to the system integration (SI) industry, so are concise and to-the-point.
- They are comprehensive, covering nearly all aspects of running a SI business.
- They serve as a guide, identifying what practices you should incorporate and allow you to decide how to implement each.
- No “reinventing the wheel.” You don’t have to search for all the right things to do in managing your SI company. The BP&B manual lays it all out.
- Most SI companies are started and run by people who excel at technical know-how, but who may not necessarily be business savvy. The CSIA Best Practices help fill that gap.
- They minimize trial-and-error learning.
- They are a basis for most processes and procedures in an SI company, so the time to develop these is reduced. Processes and procedures lead to increased efficiency and profits.
- They form the basis for the CSIA Certification program



### Measure and Manage

There’s an old business adage ... if you can’t measure it, then you can’t manage it. So, benchmarking your current business practices is essential to managing and improving your business. You want to first know where you are, where you need to get to, and what is the most efficient way to get there. One approach is to roll up your sleeves and take on a business review with an internal audit.

### How to Prepare for an Internal Audit

Begin by orienting yourself to the certification guide and process itself, so you know what you are getting into. Since the Best Business Practices and Benchmark Guidebook serves as the basis for the audit process, you can consider it the roadmap on your journey. Affectionally referred to as “the Blue Binder”, the guidebook was originally developed in 1995 by CSIA Members. It is basically a “How To Book” for the systems integration business. Over the years, CSIA members have updated and expanded the guidebook. So, you’ll definitely want to get the latest copy of the BP&P manual and read it thoroughly. Then, share relevant information with the respective parts of your organization.



# Business Acumen Brief

## Know What Is ‘Most Important’

In 1999, CSIA selected a subset of the best practices deemed to be the most important business practices to form the basis of the certification program. This selection review was not only made by SI members, but vendors and customers as well.

CSIA also recognized that the amount of documentation and the extent of the implementation of best practices should increase as companies grow, so CSIA established the recommended scores based on 3 sizes of companies. They further deemed that some of the sections were essential to the stability of a system integrator, so those sections require a passing score in addition to an overall passing score.

And, finally, recognizing that companies need to enhance their practices as they grow, CSIA determined that companies should be re-audited every three years to maintain their certification. So, let’s discuss each of these items in more detail.

## Company Level

You will need to determine the ‘Level’ of your company. There are some guidelines listed in the Audit Report based on annual revenue, but keep in mind that they were established for US companies. So, for non-US companies, particularly where the labor market is substantially different, your Company Level will be determined by headcount.

### Level 1

- Benchmark level for a large company. (approx >\$7M USD)
- Headcount of more than 50 people

### Level 2

- Benchmark level for a medium company. (approx \$3M-\$7M USD)
- Headcount of 25-50 people

### Level 3

- Benchmark level for a small company. (approx \$750K-\$3M USD)
- Headcount of 10-25 people.

Level		
3	2	1
18	19	23
3	3	4
3	3	4
2	2	3

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# Business Acumen Brief

When you enter your Company Level into the audit report (Cell C12 in version 5.0), the report will automatically highlight the respective column (E, F, or G starting on row 37 in version 5.0) corresponding to the 'Benchmark Scores' for that level. If you are on the border between two levels, then further consider the following factors:

- Size in recent years relative to revenue and number of employees
- Growth plans for next 2-3 years
- Comparative analysis to industry norms (i.e. labor capacity, labor/non-labor revenue mix, etc.)

If it is still not clear, we'd recommend that you aspire to the higher level, but feel free to contact Exotek and we can help make the correct determination.

## Scoring System

At the end of the audit report (rows 228-236 in version 5.0), there is an explanation of the scoring system. Unlike some certification programs, the CSIA Certification aims to help companies grow by using a scoring range of 0-5 rather than a binary pass/fail. Note that the **highlighted** words are key to the audit process, so pay particular attention to them when scoring yourself.

SCORE	DESCRIPTION
0	No evidence of policy, practice or standards "systems" in place, and no evidence of any work being initiated in this area.
1	Basic policy, practice or standards "elements" initiated. Implementation, training, and documentation don't exist or are
2	Basic policy, practice, or standards "elements" partially implemented. Training and documentation and/or records are minimal and incomplete. Effectiveness is not being satisfactorily demonstrated.
3	Basic policy, practice or standards mostly implemented with supporting documentation. Employee knowledge of the "system" is good and the system is uniformly applied. "Systems" can be considered minimally adequate, but with
4	Higher policy, practice or standards "elements" implemented with good supporting documentation. Employee knowledge of the "system" is good and the system is uniformly applied. Effectiveness is good, but not always evident, and continual improvement is strived for, but not demonstrated.
5	Higher policy, practice, or standards are considered well thought out, documented and implemented to the point where they can be called outstanding. Effectiveness is evident and continual improvement is being demonstrated.

We often see people judge themselves too harshly, so our guidance is that it is relatively easy to score at least a 1 or a 2. No evidence means that not only is there no documentation about the practice, but literally that there is no evidence that the practice exists at all. So, even 'tribal knowledge' can get you a score of 1 if well understood and practiced.

On the other hand, we also encounter some folks that think too much of their practice. So, recognize that in most cases a '4' is a great score. And, a '5' is only achieved if your practice is truly best of class.

## Benchmark Score

Then next thing that you'll need to understand is the concept of the 'Benchmark Score.' For each practice area in the audit, the CSIA committee has established a Benchmark Score based on your Company Level. The benchmark score is indicative of the industry standard for that Company Level. And, therefore, you should aspire to attain that score for your Company Level or better. Keep in mind that a small company is not necessarily better served by trying to be best in class.



# Business Acumen Brief

## Passing Requirements

Near the bottom of the report (rows 199-208 in version 5.0), you'll see the Scoring Summary.

	Summary	Company Score	Benchmark			Pass Req't
			Level 3	Level 2	Level 1	
1	GENERAL MANAGEMENT	14	18	19	23	
2	HUMAN RESOURCES MANAGEMENT	34	35	42	49	
3	MARKETING, BUSINESS DEVELOPMENT, SALES AND OPPORTUNITY MANAGEMENT	33	29	36	45	
4	FINANCIAL MANAGEMENT	26	24	30	36	24
5	PROJECT MANAGEMENT	40	44	49	54	39
6	SYSTEM DEVELOPMENT LIFECYCLE	16	16	18	21	14
7	SUPPORTING ACTIVITIES	18	17	24	29	19
8	QUALITY MANAGEMENT	11	13	15	20	
9	SERVICE AND SUPPORT	6	5	6	7	
10	INFORMATION SYSTEMS MANAGEMENT AND CYBERSECURITY	10	10	13	14	
		208	211	252	298	214

For each section, you'll see your score (Column D), your comparative Benchmark Score (Column E-G that is highlighted), and the required Passing Score (Column H). The passing requirement is 80% of the benchmark score. That is, you can pass the audit by achieving at least 80% implementation compared to the industry standard Benchmark Score for your Company Level. If you do not achieve an 80% implementation for a required area, then the cell with your score (Column D) will be highlighted in Red.

Further, in addition to an overall passing score, the CSIA committee stipulates that you must meet the passing requirements in 4 critical areas:

- Financial Management
- Project Management
- System Development Lifecycle
- Supporting Activities

Consequently, you'll see a passing requirement for each of these sections (Column H) and a red highlight on your Company Score (Column D) if you did not achieve 80% of your Benchmark Score.

## Integrating with Your Continuous Improvement Activities

Now that you understand how to benchmark yourself using the CSIA audit report, you can better measure and manage your processes and practices. You can set goals for improving your business and gauge your progress. Further, you now have a way to reassess your business at any time. We'd recommend establishing quarterly goals to improve in specific areas and an annual re-audit. Keep in mind, that as your business grows, so should your performance against your Benchmark Scores and eventually for a higher Company Level.



# Business Acumen Brief

## Additional Consideration for Certification

If you are preparing for CSIA certification, some additional things to know about the audit report are:

### Documented Evidence

We often get asked if an auditor will require documented evidence for every practice. The answer is no, but we will ask for tangible evidence, such as a written document, when required. So, we would suggest that you organize your evidence to accompany the Audit Report for an actual audit. Note that supporting evidence can take many forms for any given criteria, so we will evaluate and confirm if your evidence substantiates your compliance based on the practice area.

### What if You Don't Pass?

We also get asked what happens if you don't pass. Do you have to re-take the entire audit? The honest answer is 'it depends.' If you miss narrowly in a few areas that are easily correctable, it is the auditor's discretion to allow you to make the changes, show evidence that the changes have been made, and then update your score before submitting to the CSIA organization. On the other hand, if there are substantial shortages, we will encourage you to take the time to implement significant changes, give you the appropriate time to adopt the changes, and then preform a complete re-audit.

### What Happens with the Report?

When the audit is completed, you and the CSIA auditor will sign the front page and back pages of the report. You will each receive a copy and a scanned copy will be sent CSIA. Then, CSIA will make the official determination on certification (Column J, Row 221-225 in Version 5). Note that CSIA is not likely to go against auditor recommendation.

<i>For CSIA Staff Use Only</i>	
Report Reviewed By:	_____
Date:	_____ Pass Fail

### After Passing Certification

Improving your business practices is a never-ending process. The auditor will likely be able to make recommendations for immediate improvements. We also recommend a six-month review to keep you accountable for making those changes. We also can perform annual check-ups as well as a complete recertification every 3 years as mandates by CSIA.

## Parting Thoughts

If you need further clarification on how to perform an internal audit, feel free to contact Exotek and we'll be happy to answer your questions. In addition, you are welcome to send us your internal audit to review. We can provide you with feedback and even pre-audit assistance. We collaborated with CSIA to found and develop the CSIA Best Practices and the certification/auditing program. We continue to contribute to the program's development as a core member of the CSIA's Best Practices Committee and the CSIA's Certification Management System Committee. We have brought our experience to help hundreds of CSIA members around the world benchmark and improve their companies. And, if they so desire, prepare for and obtain their CSIA certification. And, more importantly, we can partner with you to identify and implement the business practices and processes to aid your company's growth.

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