



## REVIEWS

### Securing Strategy & Execution

#### Summary

Rational for reviewing strategic initiatives to secure strategy execution. Setting up a new business model, a new operating model or running any other strategic transformation is a major undertaking that will affect the whole company. The impacts of the initiatives are substantial both from a financial perspective and from an organisational perspective. A normal positive behaviour is to be in good control of these kind of investments. There are several ways if getting and staying in control of such endeavours. Status reports is one tool, steering committees another. It is however essential to get a third party opinion every once in a while. A review.

## Reviews – A normal positive behaviour

When a company closes their books every year it is common practice to perform an audit. The company is bound to get an external auditor to go through their book-keeping and yearly statement. After the audit the auditor guarantees that the financial statement and the book-keeping are in order and that the board of directors are free of responsibility for any misconduct. Things are in order.

To get a third party second opinion is of course valuable from many aspects and it is generally considered as a normal positive behaviour.

Setting up a new business model, a new operating model or running any other strategic transformation is a major undertaking that will affect the whole company. The impacts of the initiatives are substantial both from a financial perspective and from an organisational perspective. Yet according to a Harvard Business Study, only 30 percent of all strategic transformations are successful and less than 30% of the projects delivers on time, budget and value.



The change in customer behaviour, the transition to conform digitalised services and the globalisation drive for transformations that have a fundamental strategic impact on all companies. Of the companies in the Fortune 500 list of 1955, 70 companies remain. The others have been replaced. Of the companies in the 2014 Fortune 1000 list 70% of them will be replaced within a five-year period, according to reports published both by Harvard Business Review and by McKinsey. Change in the business environment is accelerating and all companies will be affected. Controlling the business model of the company will have an intimate impact on it's success.

Executing strategic transformations are probably one of the most important activities an organisation do, but it is also one of the most difficult. How can an organisation be successful in converting strategic objectives into tactical demands and operational execution?

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## Business Dynamics

Business Dynamics performs reviews of strategic transformations with very high quality based on a proven model with highly experienced staff. Our reviews always consider the five areas of “People”, “Organisation”, “Process”, “Partners” and “Technology”, surrounding the core of “Information”, creating the change diamond.

In these areas we cover at least the following disciplines:

- Business models
- Operating models
- Business Architecture
  - Strategic & Tactic capabilities
  - Business Processes
  - Roles & Organisation
  - Information
  - Technology
- Change models
- Programme & Portfolio Management
- Project Management



## What does Business Dynamics do?

What do we do to ensure that you will succeed in executing your new strategy or business model?

Business Dynamics utilizes a combination of business architecture and portfolio-, programme- and project management in order to secure a strategic transformation. We do this in close collaboration with our customer. The rationale for combining these disciplines are that we want to ensure that you are doing the right things, i.e. business architecture as well as doing things right, i.e. portfolio-, programme-, and project management.

During a review, we need to understand the strategic change that our customer's organisation needs to perform and the reasoning behind that as well as how you are executing the transformation.

The following steps are executed in a review;

### Business Strategy and Business Model alignment

All strategic transformations are the result of changes in business strategy or business model. The review will ensure that there is an understanding and an alignment between business strategy and business model and the drivers for the strategic transformation. What are the objectives of doing the transformation and how will these contribute to the change needed?

## Business Motivational Model

The business motivational model is the way of breaking down the drivers and objectives into prioritized goals and high level business requirements. The business motivational model is the linkage between the strategy and objectives and how enabling structures needs to work in order to execute.

## Capabilities

A business capability, or simply a “capability”, defines what a business does. It does not communicate or expose where, why, or how something is done — only what is done. Specifically, the business capability is “a particular ability or capacity that a business may possess or exchange to achieve a specific purpose or outcome”.

One of the most important parts in any transformation is to secure that you have the right enabling structures/ capabilities within the organisation. The question that the transformation team needs to ask is, “What is the impact of the high level requirements on the capabilities needed to deliver according to new strategy or business model?”

The change of existing capabilities or new capabilities describes the transformation needed and also gives an important input to how the portfolio and projects can be designed. Not having control over the capabilities impacted and the dependencies between them will drive higher risk and sunk costs in programme or project.

A capability contains four major pieces that will be reviewed;

- Business Processes

A business process is a series of logically related activities or tasks (such as planning, production, or sales) performed together to produce a defined set of results. In order to be successful in any transformation, processes are really important since it’s the foundation of a capability and its delivery. What are the processes involved in transformation? What are the desired outcomes of the processes and what are the Service Level Agreements (SLAs) of the processes?

- Roles and Organisation

Once we understand the business process and the roles that are needed in order to deliver an agreed outcome, a review will ensure that all roles are identified for the processes. Who are the people populating the roles? How does the organisation need to look in order to manage people? Does the people occupying the roles have the right skillset in order to be performing the job? There are a number of different aspects that needs to be taken into consideration in order to achieve a good implementation.

- Information

Information is key to any organisation today and it’s very important that the organisation understands its value. Information in a capability can be used in different way, either supporting the activities in the processes or to support in decisions in processes, for example using information in predictive purposes in business rules. A review will ask questions like, “What is the information needed in order to run processes and produce the agreed deliveries?”, “What is the quality of information needed in order to be successful in the deliveries?”.

Business Dynamics Europe AB – Örvägen 3 – 194 52 Upplands Väsby – Sweden



#### - Technology

One of the most common mistakes performed in any transformation is to run into a technological solution without understanding all of the high level requirements. Many programmes and projects fail due to that the solution selected is not up to the challenge to deliver the required functionality. During a review we will look at the solution and if it's fit for purpose.

#### Change models

Every company has a model for how they change. Either it is known and documented or it is an unknown model driven by culture, or in worst case by special interests.

A known and documented change model typically consists of five different layers where each layer corresponds to a management discipline. The first layer is often the Portfolio Layer where the processes of prioritisation and control is described. The second layer is then the Programme Layer where the processes and capabilities for strategic change is described.

The third layer is the Project Layer where processes and capabilities for tactical change is described. The Project layer is the most common change model found in companies and often referred to as a Project Model.

The last two layers are often omitted but are vastly important. The fourth layer is the development layer where the processes and capabilities for Development Management is described. The last layer is the Work Management Layer where instructions, processes and support material for leading others are documented.

In any enterprise, all these layers exist but are not always obvious or in control. Our reviews will give our customers a clear transparency on where they are standing and what we recommend to improve.

#### Portfolio & Programme Management

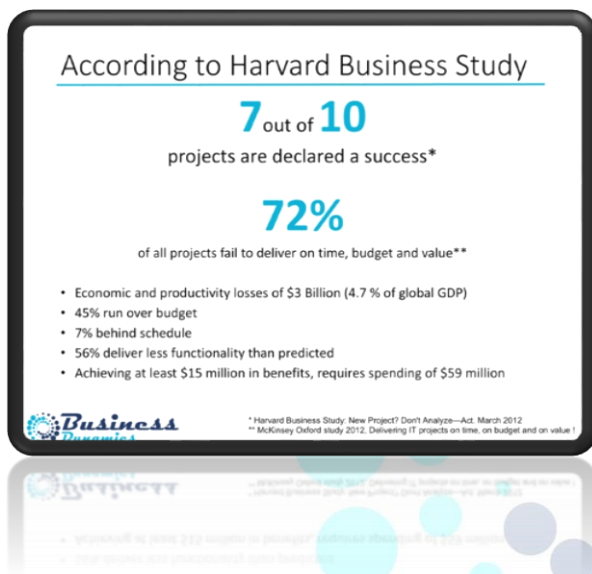
Portfolio Management is the capability to control the entire portfolio of changes within an enterprise. It is naturally important to do things right, which is covered in a lot of different processes, but it is even more important to do the right things. The ability to prioritise the things you want to do within a company, should be decided by the company strategy and should be described in the company business architecture. The prioritisation of when to do what to fulfil the decisions, is done within portfolio management as well as the control mechanisms in order to ensure that you get proper return on your investments.

Our reviews will provide our customers with insight and transparency on how to improve their strategic governance.

Portfolio Management is about prioritisation and control. Project Management is about planning & execution. Programme Management is then a combination of both setup to secure and to execute strategic transformation. It consists of three overarching disciplines; Stakeholder Management, Benefits Management and Project Governance.

The very reason for initiating a strategic transformation is often that the company wants to stay competitive and earn money. Yet, many initiatives don't have a way of measure the benefit realisation of it's different programmes and projects. In our reviews we put focus on the Cost / Benefit analysis in the Business Case and thoroughly penetrate the Benefits Realisation plan.

Our reviews will give our customers in depth information on strengths and weaknesses of the programme reviewed and recommendations on what and how to do, to secure success.



### Project Management

In every company changes occur periodically. Smaller changes might be run by a person or through an improvement while larger changes are driven in projects. Many projects exist independent of strategic change and are controlled directly in a portfolio while others are part of a larger scheme, a programme. Project Management is the vehicle to execute changes. It is a controlled way of collecting requirements, planning on how to fulfil them, the execution of that plan and the validation of the fulfilled requirements.

Our reviews will take the projects designated for review under scrutiny and will support our customers with a report covering the important aspects of the project in detail and give the customer clear and precise recommendations for how to ensure delivery according to plan.

Through all these Management processes we secure the alignment of requirements from high level to detailed level taking both the Business and IT in to account on a functional and non-functional perspective.

## How does Business Dynamics perform a Review?

### Initial meeting

A review always starts with an initial meeting with the Sponsor for the initiative(s) in question. In this discussion we want to understand the underlying purpose, the political landscape and how to retrieve material for the review. In relation to this meeting we also file for credentials and accreditation, sign Non-Disclosure agreements and file for access and authorisation to necessary systems and premises.

### Read up

After the initial meeting we acquire the agreed documentation and study it. Additional questions are discussed. In order to be successful, it is imperative that material such as Strategy, Business model and operating model are understood. If not, there is a substantial risk that recommendations made in the report will be flawed and misleading.

When the team understand the operating environment two parallel tracks start. One focuses on the architectural aspects while the other track focuses on the preparations for the initiative(s). Analysis reports, requirements specifications, feasibility study reports, business cases, charters, plans, budgets and benefit realisation plans are studied and challenged.

In this work the financial aspects and the quality assurance are run as separate sub tracks. Special content aspects are also often studied in separate sub tracks.

The last step of the read up focuses on status reports and internal processes.

### Sponsor & Responsible Partners

After the read up, the team is prepared for the interviews. Interviews with the key roles in the steering committees are first held separately and then in group.

### Key Stakeholders

The second group to be addressed in interviews are the key stakeholders. They are interviewed separately. Focus is on their agenda and their perception of how the initiative(s) live up to expectation and is aligned to the stakeholders' agenda.

### Managers

The next group to be interviewed is the Managers. Substantial time is allotted to the initiative(s) managers, such as the Portfolio Manager, the Programme Manager or the the Project Manager(s). Focus in these interviews are very much on prerequisites, plans, status and follow up. Content matter understanding is evaluated and a thorough walkthrough of previous alternatives is conducted.

Other managers such as process owners and IT managers are interviewed and classified based on their impact on the initiative(s). Interviews are generally held separately.

### First assessment

After the interviews a first assessment is made and discussed with the Sponsor and the Responsible Partners.

After that alignment of all material is made and the team finalise a first report that is presented to the Sponsor and later to the Steering Committee. If a negative impact on any of the managers is contemplated, a thorough discussion is held with the specific person prior to the presentation for the Steering Committee, but after the discussion with the Sponsor and the Responsible Partners. A solution to staff exchange shall always be in place prior to these discussions.

### Final Report and Presentation

After that the Final Report is produced and, after approval from the Sponsor, distributed and presented to all involved parties.

The report will cover all the observed aspects of the initiative or portfolio. In relation to these, recommendations are made on what to add, subtract and change.

### After the review

Business Dynamics offer advisory services after a review to support our customer and to further secure their strategic transformation. When needed we also provide key Management resources or teams, in temporary or more long term engagements. Resources provided by Business Dynamics range from Business Architects via Portfolio Managers and Programme Managers to Quality Assurance Managers.

Business Dynamics can also, on request, provide other resources as subcontractors such as Senior Project Managers, Enterprise Architects, Solution Architects, Requirements and Test Managers via our unique network. We continuously control quality and train the staff we provide to ensure their knowledge and skills.