Connecting THE DOTS

The Blueprint for Strategically Aligned Business Performance

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Preface

Over the last twenty years we have observed organisations that work well and optimise how they operate and others that need a lot of help. Our experiences are built from working with multi-nationals, large corporates, start-ups and privately owned small and medium sized businesses. We look back over these experiences and think “wow – there is enough experience to write a book.” So here it is. We would like to share that experience with you.

We have seen businesses that had a great concept, product or service and built the most robust of financial, investment and funding models. They created a viable start-up and yet failed to build the structures required to create and support sustainable success.

We have had the amazing opportunity to work with some great clients who have trusted us to deliver expertise and insight. All of these experiences have helped hone the framework to make it what it is today – Realising Success® a repeatable, proven method of getting an organisation from where it is today to where it needs and wants to be.

However a framework is just a framework and it’s what you do with it that counts. We have designed it in a way that allows organisations to understand, control and deliver their projects. It provides a proven structure that can enhance your business performance and differentiators.

Models and diagrams are part of the framework toolkit. We use them as they help to visualise information and help communicate the various elements of the framework and business architecture. You will see these used throughout the book. In our experience it is only the most successful organisations that can connect the dots.

So who should read the book? Anyone who is planning, designing, implementing, remediating and contributing to a business’s performance.

We hope that you find the information useful, and most of all get value from it. Here is to you – realising your success.
**Introduction**

Getting from where you are now to where you want to be is never easy. More than ever businesses of all sizes need accurate real time information to make informed decisions and optimise ways of doing business. They need to drive and deliver increasing value to customers to remain relevant and the supplier or partner of choice. There are numerous ways you can do this. The secret is working out the best way.

If we combine our careers we can account for more than fifty years of experience across multiple continents, industries and companies. We have worked for large corporates, been entrepreneurial and started our own ventures and then came together to form our consulting practice. This has allowed us to look at how various business models, methodologies and frameworks contribute (or don’t) to an organisation’s success. After working with many clients for more than thirteen years, we thought it would be worth sharing some of our experiences and insights.

If you are about to start building a new business or reshaping an existing one, then you have the ideal opportunity to get the right structures, enablers and team in place. One of the key insights of this book is, that getting the company design and effective enablers right is essential. If you have an established business, there is great benefit to be realised in looking at improvement options. If you are in start-up mode, there is no harm in looking at how to build a sustainable, repeatable business. One thing is for sure: it is never too early or too late to start.

There are numerous business models, frameworks and methodologies available. Some are better than others. We often come across organisations using enterprise architecture frameworks that have an IT focus, with business and commercial elements as an afterthought. It is rare that businesses using these types of tools ever get the outcomes they want, and they spend a lot of money for little or no return. Others use systems thinking frameworks, again with little or no return as they have been allowed to turn into what is merely an academic exercise.
That’s why we have developed Realising Success®. Clients like the approach we use as it gets results. We see it as being a commercially focussed Strategic Performance Framework™. Why did we call it Realising Success®? Probably simply because our business name is Realising-Potential, and it sort of made sense to us.

When you ask people about success and what it means to them, they often find it hard to articulate. The word has an almost abstract element to it. Realising Success® to us means that the organisation’s objective or aim is achieved and it is sustainable.

Once you achieve success, maintaining it requires ongoing effort and focus. Most organisational strategies have a finite lifecycle, as do ways of doing things. Alignment is an ongoing process.

We believe sustainability and repeatability are supported by the positive disruption and alignment of people, process, systems, information and organisational capability. By capability we mean the ability to do something.

The first question we are often asked is “where do we start?” As with any strategic initiative, improvement project or transformation programme you need to define a starting point. This will be where the business is experiencing inefficiencies or poor performance impact. What are the strategic outcomes you need to achieve? These should be the performance drivers. Strategic objectives are not always about growth and profit, although these are important and what most organisations strive for. They can be about making something great, or as good as it can be. Or they can simply be about having a happy, engaged and productive team. Our assessment shows that an engaged and productive team is usually the by-product of building a great business.

We call the starting point the Baseline – what does the business need to achieve, where is it at today? What works and what doesn't? What initiatives do we need to undertake?
As part of the baseline we look at the current organisational structures and capability, culture and governance processes. These multifaceted views enable you to assess the challenges the organisation faces and to determine the appropriate interventions. Defining a baseline position can identify any number of opportunities.

Once we have that baseline information we start looking at what improvements can be made, how structures can be optimised and identify the quickest way to get the results you need or are aiming for.

The book provides a framework for achieving improved performance. Commencing a project of this type can be a daunting task. We suggest you start with areas that improve customer value and cash management first. These are two of the great enablers of any business.

We have structured the book in a way that offers consulting know-how at a fraction of the cost of engaging consultants and in a way that will assist you to develop your own internal capability. You don’t need to read it from cover to cover, as you can simply use it as reference. However it will be beneficial if you do read it in its entirety, as you will get to understand why we do things the way we do and the most effective sequence.

The framework has four phases. We have covered each of these phases in the chapters as follows.

**CHAPTER 1** outlines the thoughts behind the framework.

**CHAPTER 2** covers the issues you need to consider when contemplating the implementation of a performance framework.

**CHAPTER 3** outlines the roles and responsibilities required to successfully manage and deliver the project outcomes.

**CHAPTER 4** provides a good starting point for those initiating a project.
**CHAPTER 5** sets out the process for assessing your baseline or starting point and details a maturity assessment exercise you can use to measure your ongoing progress.

**CHAPTER 6** defines efficient and effective operational process.

**CHAPTER 7** helps you identify organisational structures that enable success.

**CHAPTER 8** considers business differentiators and the importance of understanding what they are.

**CHAPTER 9** provides a practical governance model.

**CHAPTER 10** covers the all-important innovation process.

**CHAPTER 11** is the process for defining the future state.

**CHAPTER 12** looks at the growth of digital technologies and the impact on business.

**CHAPTER 13** outlines how to build capability.

**CHAPTER 14** goes through the steps of implementation.

**CHAPTER 15** describes some of the measures you might find useful.

**CHAPTER 16** is all about alignment of systems, process, people and information.

**CHAPTER 17** outlines the importance of change management and connecting the dots.

**CHAPTER 18** provides some thought provokers on creating a world-class business.

Let’s get started.

**PRACTICAL TIP**

It’s never too late to build better business structures and enablers.
CHAPTER 1
The Realising Success® Framework

We call Realising Success® a Strategic Performance Framework™ as it can be used to drive business improvement, agility and success. It outlines the steps that need to be taken to achieve strategy execution and alignment and to develop a practical approach to improved enabling structures within the business. It can help an organisation build business capability and define and improve the key elements that make or break a business, namely: technology, process, people and information. One good thing about it is that it is scalable and it helps you work through what is in place now and what the future state and opportunities can be.

Over many years and projects we have used various methods, both our own and those of others. This has helped us determine what works, what doesn’t and why. The outcome is the Realising Success® framework. We have used it to improve and transform numerous businesses. For enterprise-wide projects and initiatives to be successful, we believe the framework must be supported by strong leadership and a clear vision of the end state. Having an environment conducive to performance improvement is also beneficial.

We have included approaches and techniques which assist you to develop an understanding of the current state of the organisation. You will see that we use models and diagrams throughout the defined phases to aid understanding and communication. The models have various levels of abstraction, depending on the intended audience. We have found that models and diagrams contribute to the communication of the framework elements and the overall business objectives.

As part of the framework we have a defined key role that we call the Strategic Performance Architect. This is a role we have within our own organisation. This role works in conjunction with the executive team to deliver the agreed business outcomes. The responsibilities of the Strategic Performance Architect are outlined in Chapter 3.
As organisational strategies run their course and change on a regular basis, the framework is formulated to be adaptive, allowing the business to expand, contract and modify as required. Like most things, organisational strategy has evolved over time to become an adaptive model which needs to be interpreted and aligned with the business operations on a regular basis. Organisational strategy and the Realising Success® framework are, in our view, bound together. The strategy sets the objectives, the framework enables the organisation to achieve the required outcomes. We have provided a step by step approach, but you can use specific elements of the framework to address specific issues and opportunities.

Core elements of the framework are strategy, analysis, design, delivery and benefits realisation.

Using the Realising Success® framework can assist you to execute the strategy in a defined, measurable way. It provides a structured view of how systems, process, people and information can build and enable future capabilities whilst supporting the existing operations and differentiators.

Throughout the book you will see the term enterprise, which we use to describe the entire organisation and its relationships. In short, enterprise means end to end business.
This R-P model depicts the framework at an abstract level. It is useful for communicating the key elements without getting into too much detail. It stresses the importance of setting and understanding the strategy, how governance is required and that both are supported by the architecture. Performance is the outcome of having all three components aligned and effective. We find the model useful for putting the performance framework in context.

Over time, as the organisational strategy runs its course, the Strategic Performance Architect will need to be vigilant to ensure continual alignment of these four elements.

The framework comprises:

- a structured process for understanding what is currently in place
- planning, designing and implementing improved business performance
- models and artefacts to enable visualisation and communication
- guiding principles
- governance considerations
- a proven delivery methodology to connect the dots
- a number of additional tools available on our website.

Realising Success® is designed to help you with the transition of moving from vision to reality. It allows business enablers to be broken down to their various components so you can determine what is working, what isn’t and what needs to be improved.

Combining technology, process, people and information with improved capability provides an opportunity for every organisation to enhance or change its position. We believe that a commercially focussed framework is both relevant and necessary.
All too often organisations leap to technology solutions before fully understanding what they want and need. Maybe this explains why so many enterprise level system projects fail. It’s not the technology, it’s what organisations do with it – or better still what they don’t do with it. This was borne out during a conversation with a CEO who called us when he realised that his systems replacement project was off the rails. He expressed his frustration at having spent millions of dollars on IT infrastructure, enterprise resource planning systems and certification courses for staff. He felt it was a waste of time and money. He was right, it was a waste. An expensive waste in more ways than one.

Unfortunately for him, the core issue in this case was that the business initiative had an IT focus and not a business focus. The CEO failed to provide the necessary leadership, he only got involved when he realised he had a problem.

**The Framework**

The good thing about frameworks is: they are just that – frameworks. You can use specific elements of it or you can use it as a scripted process. How you use it will depend on your particular situation and where your business is in its particular lifecycle.

Our core framework follows the steps outlined in the methodology model on the next page.
We have used the Realising Success® framework to:

– Expand business and team capabilities
– Remediate poorly implemented systems and processes
– Define and manage projects and performance initiatives
– Increase efficiency and effectiveness
– Reduce costs
– Mitigate risk
– Improve operational performance
– Drive business benefits
– Build agility and sustainability
– Improve system integrity and quality
– Transition various businesses across various industries.

Even completing the baseline process alone can result in some tremendous improvements.

These are the types of cost reductions and other benefits you can typically realise from these types of initiatives:

• Improve cash flow through quicker billing and collection.
• Consolidate or outsource technology infrastructure to reduce running, support and maintenance costs.
• Improve information management processes to reduce the time people spend on managing and searching for information.
• Improve the efficiency and effectiveness of operational processes.
• Reduce customer churn through the delivery of value and improved experience.
• Reduce unplanned down-time.
• Achieve a greater understanding and deliver what customers want and need.
• Make it easy for the customer to deal with and buy from you.
• Improve capability.
• Improve performance and profitability.
CHAPTER 2

Commencing a Performance Improvement Project

In today’s competitive world, companies are finding they have to react and respond very quickly to changing market conditions. Unfortunately, most are incapable of responding as they should. When a company grows, so too does the level of complexity: whether that’s the number of people, the number of business applications or the number of processes. The bigger the boat, the harder it is to turn – unless it has been designed to do so.

The goal is to build agility and remove the complexity or at least to get it to a manageable state. Agility can be a valuable differentiator and complexity a profit killer. Funnily enough, complexity is often the result of past improvement projects and quick fixes to a problem of the day. Whilst not all complexity is bad, it’s always beneficial to aim for simplicity.

To achieve simplicity and agility you need to look at the multifaceted problems which the business has and the multifaceted systems, processes and behaviours which are needed to overcome them. Almost every CEO we talk to is striving towards making the business more agile and removing the complex structures that have grown and evolved over time. Unfortunately the bigger the business, the harder it is. The good thing is that it is doable. As part of our project delivery, we spend a lot of time challenging the status quo. Common sense, a strategic performance framework and effective leadership are good antidotes for complexity.

So before commencing any improvement project the business needs to define the scope, understand the current capability and identify current and future states. Key business differentiators have to be identified, enhanced and protected as part of the process.
The role of the Strategic Performance Architect is a little like an orchestra conductor leading a major performance. The conductor needs to understand the capability of the orchestra, the genre they are dealing with, the context and the size of the orchestra. Delivering a good performance will include controlling the various sections, guiding individual performances and bringing the performance to a successful conclusion to the delight of the audience.

**Tracking Tasks and Asking Questions**

It is unlikely that you would ever build a house unless you had a design and build plan. You need to know the type of construction: single or double storey? How many windows? How many doors?

Therefore you need a plan which addresses the particular business problem to be solved or the conditions to be changed. The plan will outline the activities to be completed. Some things will be simple, others will not be so simple. Software applications such as Microsoft Project or an Excel worksheet are effective tools for tracking and managing project activities. Without a formalised plan being in place there is no end game marker, no milestone management, no activity tracking, no accountability and no risk management. How you manage and monitor is important, in fact it is vital.

The objectives, progress measures, success factors and the outcomes must be agreed with the various business functions and stakeholders. It is important that these are agreed at the outset to ensure that the business agrees with the project scope, with what is to be delivered and when. Without these objectives and measures being in place, it is difficult to determine progress and the true cost benefit of the project investment.

Stakeholder engagement needs to start as soon as the project has been approved. No doubt, each stakeholder will want different things and have different views on how things should be done. It is better to understand the various agendas and sign-off criteria early in the project. Non negotiables need to be defined, understood and agreed.
As part of the project management process we encourage the keeping of a daily progress diary. This is usually maintained by the project manager and captures the wins and setbacks experienced by the team along the way. It can be a vehicle for quickly identifying where additional effort or resources are required, or where problems may be encountered. Where the project plan tracks task and activity progress, the daily process diary monitors team behaviours and performance. The detail needed to complete the daily diary is usually based on knowledge and information shared at project meetings.

A daily stand up meeting is a great way to encourage positive team behaviours and performance. It keeps everyone on the same page. At these meetings we talk about the task status and issues, progress, roadblocks and what needs to happen in the days and weeks ahead.

Status reporting must be made a ‘pre-read’ requirement prior to all meetings, including daily stand up meetings. It needs to be made clear to everyone that meetings need to be focussed and effective, not time wasters. This sets the tone for driving outcomes and performance. Team meetings must have an agenda and minutes must be distributed within 24 hours of the meeting. Ideally the agenda will include:

- progress made
- resource and other issues
- risks and opportunity identification.

During the early stages of the project it is important to challenge the status quo and base premises. It is amazing how many businesses have basic premises, beliefs or opinions on why they do certain things. Some of the more popular ones we have encountered are:

- Our customers want us to work this way.
- Our business is different.
- We have tried that before and it didn’t work.
- If we develop our own IT systems we can control our own destiny.
All too often, performance improvement projects do not start with a formalised predetermined design or approach. In other words, without a design and build plan. As you work through the process, opportunities that you had not thought of initially can emerge. Ideally, at this point it helps if the business can articulate its needs and can determine what can be standardised, what needs to be integrated and what business pain points can be minimised or removed altogether. There will be different views and requirements based on the specific business activity which need to be accommodated. For example finance will have different requirements to engineering or sales.

This means that the Strategic Performance Architect and the performance improvement team have to be disciplined in the activity of challenging the information gathered from others to ensure that any underlying assumptions are identified and conflict can be minimised.

As with most transitional projects you need a starting point – a baseline. The business strategy is usually a good starting point. Everything is framed around its delivery. It’s interesting to see the recent changes to strategy timelines. Not so long ago most businesses would have had a strategy timeline for up to three years. Today, that timeline is more like three months. Agility and competitiveness now need to be major strategies in their own right for all businesses.

To measure execution and implementation progress, you have to determine what information is required to measure the actual performance against each strategic objective. Ideally, these strategic objectives are then captured in a strategy map and communicated to key stakeholders and the delivery team. People need to know what success looks like to the organisation.

We typically start the baseline process with business systems and IT infrastructure, as these are key information and connectivity enablers for the business. Things to look at include: what is in place, what works, what doesn’t, what needs to change? How many components are there?
How many technology relationships are there? All these questions need to be answered. By completing the review you will identify any technology issues, information gaps or shortcomings which will prevent performance measurement and improvement. The best way to get the information you need is to ask the standard structured questions starting with What, Where, When, Why, How and Who.

Ideally, a typical business systems and capability review will include:

- the current enabling technology and network infrastructure
- the current enterprise applications
- the current information architecture
- resource allocation and utilisation
- the existing governance framework
- core assets and capabilities
- a gap analysis between the current and required future states
- information management
- performance
- team capability
- external vendors and support services.

The information gathered should be collated and put into a format or diagram that can be used to aid communication and challenge the status quo.

The baseline review process should also encompass all activities that make up the total business system. These include the organisational structure, operational processes, information flows and team capabilities. It also needs to take into consideration the organisational culture, the “how we normally do things around here.” Having this information available helps understand the requirements for transition planning.

Once the review is complete, recommendations or intervention strategies can be devised. Undertaking a gap analysis between the current capability and those capabilities required to deliver the strategic outcomes will help you identify what is needed and the priority.
Whilst a review process can tend to concentrate on the negative elements and shortcomings, it is important to have these balanced by the things the organisation does well and to ensure business differentiators are maintained.

The Strategic Performance Architect and the performance team can then take the findings from the review and start to build the blueprint and plan for moving the organisation from its current to the desired state, starting with quick wins.

**Benefits Realisation**

Using a proven framework such as Realising Success® is valuable as it drives shared, integrated systems, capability and optimised processes. But the framework in isolation is only part of the answer, the business needs to understand and agree where improvements can be made.

Completing a value mapping exercise is one way to quickly identify what operational processes deliver and contribute to customer value and where benefits can be realised. If a process or resource does not add value, it needs to be challenged and ultimately designed-out of the future state architecture build plan and the way things are done.

Benefits realisation is the result of changed ways of doing things and different behaviours. This is where design-thinking and leadership and management are critical. The approach needs to be strategic as well as tactical.

Benefits that will typically be derived from a well-managed enterprise improvement project include:

- Improved asset allocation and utilisation – this includes human resources
- Performance analysis and visibility
- Agility and ability to respond to market conditions and customer requirements
– Readily available and up to date documentation of the enterprise:
  - Structure
  - Processes
  - Information flows
  - Applications
  - Technology infrastructure
– Performance
– The ability to integrate business processes across the enterprise, improving efficiency and effectiveness
– Improved data, information quality and availability
– Integration and automation
– Reduced solution delivery time
– Strategy alignment
– Improved capability
– Compliance
– IP visibility and management.

Once the benefits to be realised have been defined, how they will be measured and monitored also needs to be agreed and communicated. Cash generating benefits are often given the highest level of priority. No surprise there, given our favourite saying is “cash is king.”

The Strategic Performance Architect, in conjunction with the executive team, needs to challenge the benefits listed to ensure that they are realistic and can be achieved. Good questions to ask at this point include:

- Are the benefits identified realistic?
- Can the benefits identified be realised in a reasonable timeframe?
- What dependencies exist?
- How many of the benefits listed have dependencies?
- What stakeholders and activities are impacted?
- What changes need to be made to realise the benefits?
- What are the dis-benefits?
And, as is often said, for every positive there is a negative. That is why you should identify dis-benefits also.

A common dis-benefit that we see raised by teams is departmental or divisional loss of control and power. Some managers will resist change purely because of the loss of control and power. The smarter ones soon realise that they don’t lose any power and control, they simply change. A great way to overcome resistance is to convert control and power to persuasion and influence. It’s a different way of working, but it often delivers a much more collaborative and congenial way of getting to where you need to be.

**PRACTICAL TIP**

Think big and take action.

**Guiding Principles**

When starting any major improvement project we find it is beneficial to define guiding principles along with roles and responsibilities. By doing this, the entire team knows what is expected of them. Roles and responsibilities are typically defined in a roles and responsibilities definition document.

Guiding principles are useful for driving desired behaviours and actions from individuals, teams and stakeholders. They provide a foundation for business improvement and architecture related decisions. The following are some we start with.

- **Plan for cost/benefit**
  Plan and implement in a manner that realises immediate benefits and return on investment.

- **Use industry standard systems that have reference ability**
  Use industry proven systems and applications at all times.

- **Plan for sustainability**
Plan and implement in a manner that demonstrates consideration of current and future needs.

- **Manage and mitigate risk**
  Assess, rate and manage risk.

- **Engage**
  Provide appropriate information to the user community and allow for participation in planning, design, implementation and operation.

- **Encourage creative thinking and innovation**
  Encourage creative thinking in identifying, designing and developing solutions.

- **Enabling technology infrastructure and enterprise applications**
  The technology infrastructure and enterprise applications must support and enable business agility.

- **Align systems, process, people, information and governance**
  Build and deploy collaborative information environments.

- **Consider infrastructure and applications to be part of a larger enterprise or eco system and never in isolation**
  Applications and infrastructure are to work together to support the requirements of the business.

- **Business systems are to evolve to full functionality and benefits realisation**
  Develop systems, applications and processes according to an approved ‘technology plan’.

- **Achieve application integration through open standards based interfaces and technologies**
  Select applications supporting open standardised interfaces over those with closed architectures.

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**PRACTICAL TIPS**

Guiding principles need to be action based and direct how systems and processes are to be planned, implemented and managed.
CHAPTER 3

The Business Performance Team and Key Roles

When defining key project roles you need to ensure the necessary leadership, support and guidance structures are in place. If the project is effectively structured it will lessen the chance of it being simply another poorly aligned operational project. The team structure may differ depending on the type of business, its culture and its geographical location. You need to define appropriate roles for your particular circumstance. It is not uncommon to have global teams, working on different aspects of the project on a rotational basis.

Regardless of whether your organisation is large or small, has a traditional, matrix or flat structural hierarchy, roles and responsibilities need to be defined. In our opinion there is no perfect organisational structure. The key is to have a structure that encourages and drives improvement, performance and collaboration.

In the following example team structure chart, you will see that the key leadership role belongs to the CEO/managing director/owner (in some organisations these roles will be combined). This is the role that typically drives strategy and performance outcomes. The Strategic Performance Architect has the key project/initiative oversight, delivery and execution role. The executive team is responsible for driving and managing the implementation activities.

We often find that executive and non-executive directors also have an interest in these projects and tend to be key stakeholders. Whilst they may not fully understand the technical elements of the IT architecture and framework, they need to understand how strategy is being interpreted. They also need to understand how the investment required to deliver the project will deliver shareholder value and performance improvement.
Of course, not everyone working on the project will have direct access to the board or CEO. This is where the Strategic Performance Architect in conjunction with the executive team needs to communicate and execute on the strategic initiatives driven by the CEO.

The creation of a project scope/charter and a roles and responsibilities document form part of the project artefacts and documentation. This ensures that everyone knows what the outcome needs to be, what they are expected to do, their respective responsibilities and what they are accountable for. This is a great way to form a highly collaborative team and promote and guide the behaviours you need.

It has been our experience that involving key stakeholders and a ‘guiding coalition’ of key influencers early in the project, allows them to question and challenge as the project progresses. It gives them a stake in the agreed performance solution. The guiding coalition, as we term it, provides a unique view of the organisation as it often is not part of the formal project structure. It includes people with experience in the trenches and provides access to personal networks where communication and influence help to drive outcomes. We often see that the final quality of the project can be linked to the overall quality of people interaction and communication. If you want collective action, which is part of these types of projects, you need to have everyone along for the journey. People need to play to their strengths and be motivated. The executive or leadership team need to encourage a culture of performance and collaboration.

Often, in organisations where there is a large contingent of external contractors, the following questions are raised:

- What constitutes an employee and what constitutes a contractor?
- Are contractors expected to follow organisational values, guidelines and policies?
- Do contractors have the same level of information access as employees?
It might seem a strange set of questions to raise. But how the entire workforce is structured and managed is important. We raise these questions based on a recent experience where the organisation had a large human resources group and multiple information systems for capturing employee and HR data. Yet that same group could not clearly define the difference between a contractor and a full time employee when it came to information access and treatment of confidential information. We did find that somewhat bizarre at the time, given the nature of the business. This was a particular headache for the IT team when it came to mapping security requirements.

**The Role of Strategic Performance Architect**

We have mentioned this role a couple of times so far. So what is a Strategic Performance Architect and why is the role so important? Strategic Performance Architects are project strategists and delivery leads. They provide the leadership and management structures to develop and deliver the required business outcomes. They understand business and its enablers and have a clear vision of the end or ‘to-be’ state. They need to see and understand all of the contradictions in projects of this type and see the world from multiple perspectives. In simple terms they need to create order from what can sometimes look like chaos.

We see the role as one that:

- has extensive business experience
- works closely with the C-suite executives and business experts to define a performance focussed architecture that will improve systems, process, people, information management and better decision making
- builds business capability
- engages every level of the organisation
- influences decision making to drive the required outcomes through positive conversations
• leads the change and transformation
• drives the return on investment and strategy alignment
• stimulates inquiry
• visualises the architecture
• drives the implementation
• monitors progress and adjusts the architecture as required
• measures progress against the defined success factors
• builds an innovation culture and climate.

The Strategic Performance Architect ensures that:

• efficient and effective processes are in place across the organisation
• the organisation has the capability it needs
• architecture teams are effective
• the right information gets to the right people at the right time to make the most effective operational decisions
• audit and validation processes are in place
• performance metrics are defined, agreed and meaningful
• all data and information is of a high quality and is structured for reuse and repurposing
• the tools and techniques are available to support and take advantage of large complex data sets and big data stores
• data and information is tailored to the required purpose and audience
• value and organisational performance are paramount.

There are four fundamental characteristics that we believe Strategic Performance Architects demonstrate.

1. They **understand** business, people and technology and how to bring them all together to create an effective business enabler. To have the appropriate level of understanding they must have broad commercial experience.

2. They **interpret** – taking the vision, requirements, needs and wants and interpret them to build and deliver the desired end state or outcome all wrapped with critical and design thinking.
3. They **create and build** – they can design effective technology, application and operational environments to enable the business. A fundamental part of this is to join the dots – bringing everything synergistically together.

4. They **communicate** to ensure that everyone is on the same page and understands the vision, the reasons for doing things in certain ways and to promote the required behaviours and value.

We have the Strategic Performance Architect role within our own organisation to ensure that projects undertaken by our own team are completed successfully, with minimal risk and maximised outcomes. In the consulting world you are only as good as your last job!

The person in this role is normally confronted with large volumes of information that must be reviewed, absorbed and sorted and in some instances converted to knowledge. It is beneficial to have a person in the role who is able to manage the distillation of large volumes of information.

All too often we see organisations struggle with these types of projects, and often projects that they have undertaken have failed to deliver the desired results. Appointing a Strategic Performance Architect or similar role helps overcome these issues. When working with clients to remediate a system or fix a project we typically find a number of reasons why their project has failed to deliver. Some of these may be familiar to you.

- There is no Strategic Performance Architecture role.
- The project is not supported by a collaborative executive team.
- Executive egos get in the way.
- Silo based operations and culture.
- The organisations culture tends towards “we only do what we need to” and “this is the way we always do it around here.”
- Governance and standards are poor.
- Planning, decision-making and practices are inadequate.
- The project is treated as a siloed operational or IT project.
• Communication and end state vision are poor.
• Resourcing and commitment are inadequate.
• Capability is poor.

Projects need to be built for success not failure.

The Role of the Strategic Visualisation Architect

Working with the Strategic Performance Architect, the Strategic Visualisation Architect is the team lead responsible for the visualisation tools and practices used to support communication and transition management. This is both a technical and creative role. The person in this role defines the models to be populated, the data and information required and how each model and diagram will be used to drive the strategic performance outcomes. This role needs to understand diverse functional requirements, how to position material for target audiences and apply a strategic approach to the use of information and visualisation.

We see the role as one that is responsible for:

• project models, definition, design and implementation
• methodology visualisation
• contextual data
• communication
• working with the functional teams to determine reporting and modelling requirements
• using models and diagrams to drive transformation and benefits realisation

The role must ensure:

• effective and efficient visualisation tools and practices are in place
• performance metrics are defined, agreed and achieved
• all data and information is high quality and structured for reuse
• large datasets can be managed.
The Role of the Strategic Finance Architect

Reporting to the Strategic Performance Architect, the Strategic Finance Architect provides direction and guidance on how financial systems are deployed, integrated and managed with a view to delivering the defined financial benefits. This role has a focus on financial system effectiveness and efficiency. The person in this role needs to understand the diverse functional requirements of the organisation and the impact on financial performance.

We see this role being responsible for:

- financial systems design and deployment
- risk assessment and minimisation
- finance business case and considerations
- finance team engagement and collaboration
- finance governance and maturity assessment
- alignment of finance postings across systems
- planning and building capabilities that support benefits realisation.

The role ensures that:

- efficient and effective finance processes are in place
- the organisation has the financial capability that it needs
- financial audit and validation processes are in place
- key financial metrics are defined, agreed and achieved
- all financial data and information is high quality and structured for automatic integration across systems
- financial data is tailored to the required audience.

Team Composition and Effectiveness

Strategic performance teams should include people from the various business functions, both technical and non-technical, who have a good understanding of the business.

Managing team performance requires the commitment of time and resources. We often see projects stall and fail due to inadequate resourcing.
The world of work these days is predominantly team based. Teams can be departmental, divisional, national and international, small or large. Regardless of the structure, the social operating mechanism for the teams needs to be collaborative and marked by characteristics such as openness, trust, positivity and delivery. Opportunities for forming new relationships and maintaining existing ones are critical – humans are social creatures after all. In our experience, there needs to be a blend of face to face as well as on-line communication to enable this. This can be a little more difficult when the teams are across different regions and time zones. The organisation has to see the value of building a collaborative culture and work out how it best does it.

How often do you see internal teams competing with each other, as they work in individual silos with little or no incentive or directive to work together? How often do you see incentive programmes incentivise less than desired behaviours? All too often. If the Strategic Performance Framework™ is going to deliver the required outcomes, it is imperative that everyone thinks in terms of the entire organisation, not just parts of it. It sounds simple, even obvious, but in organisations characterised by self-interest and silo based activity there needs to be a constant reminder to focus on the interests of the whole organisation.

There are a number of challenges many new teams face, and here are just a few:

- learning to work as a team
- direct and indirect communication and the way it is applied in cross cultural teams
- differing attitudes towards hierarchy and authority
- decision-making
- underestimating the resistance to change when changing the way people work
- undermining.
Team effectiveness, including collaboration, needs to be built and established as quickly as possible after the team is formed. Formal team building sessions or familiarisation sessions can be beneficial if the team members are unknown to each other.

We find a valuable team exercise is understanding the composition of the team in terms of thinking and working styles. It is highly beneficial to have people play to their dominant style and work in a way that boosts productivity and innovation. There are many team building tools and specialised consultancies that you can use if you have limited experience in team building. You need to ensure you have the right team with the right skills and attitude.

In 1999 we applied the concept of applying thinking styles to team composition and performance. We used a model developed by Ned Herrmann, known as the Herrmann Brain Dominance Instrument or HBDI. The Herrmann model is based on the identification of thinking styles or preferences. It uses a coloured quadrant to classify and communicate thinking style preferences, as can be seen in the following image.

Reference: www.hbdi.com
Some people have strong thinking preferences others don’t. Some people have a preference for right brain thinking (quadrants D and C) others have preferences for left brain thinking (quadrants A and B). Some people are comfortable and capable of using all four preferences. Understanding and harnessing the thinking style preferences of a team can dramatically impact project outcomes.

We find the HBDI tool useful as you can identify an individual’s and team’s preferred or dominant thinking style very quickly. When teams play to their thinking style preference (strength) the results can be astounding. There are no ‘rights’ or ‘wrongs’ – just preferences. When you overlay the individual team member profiles, you can easily see what thinking style and work preferences you have in your team.

For example:

**Dominant A quadrant** = Logical thinking, likes numbers and facts on which to base decisions.

**Dominant B quadrant** = Prefers structured working environments, likes working with detail and structure. Tends to be conservative.

**Dominant C quadrant** = People focussed, builds relationships. Has less of a preference for facts. Uses intuition and tends to care about how people feel.

**Dominant D quadrant** = Prefers to be spontaneous and likes taking risks. Likes inventing solutions and change.

There are numerous tools you can use to enhance your team composition and performance. We like the HBDI as you can have some fun with it and it is a good way to match skills to jobs and tasks.
Other factors involved in building organisational capability include:

- the Strategic Performance Framework™
- leadership
- teamwork
- focus
- communication
- risk management
- change management
- knowledge sharing.

All are equally important and there are inherent dependencies.

In summary, some of the elements you need to consider as you form your team are:

- competency
- thinking and working styles
- time and cost management
- risk identification, prioritisation and mitigation
- conflict resolution management
- communication
- inclusiveness
- accountability
- guidance and assistance
- decision making processes
- intellectual capability
- financial understanding
- transformation and change management
- artefact management.

**Collaboration**

Collaboration is easier said than done. Gratton & Erickson, in The Harvard Business Review, November 2007, report on research they conducted with collaborative teams. Their research showed that when a team exceeds twenty members, collaboration naturally decreases.
It also found, as teams became more virtual, collaboration declined and when the team is highly educated, collaboration is challenging. An interesting insight.

In our experience collaboration can be improved by:

- the executive team leading by example – in regards to communication, collaboration and decision making
- building a diverse team with different thinking and decision-making styles
- encouraging emotional intelligence and not emotional outbursts
- continually reinforcing awareness of thinking and decision styles within the team
- setting out performance and accountability requirements
- establishing that it is all about the business and not the individual
- targeted communication
- creating a sense of community by making it easy to share and communicate
- encouraging innovation.

There are a number of things that the Strategic Performance Architect has to manage in regards to the various teams. Here are some of the more obvious – no doubt you can add your own to the list:

- driving the vision and plan
- delivery management
- team conflicts (if and when they arise – and they will!)
- team performance and performance variability
- accountability
- relationships
- reporting and communication.

As with most things, for every positive there is a negative. Negative behaviours and activities to watch for during the project include:

- ‘yes’ people – people who say they will do things then don’t
- unhealthy politics
• passive/aggressive behaviour
• poor decision making.

It is important to point out the impact of poor team behaviours as soon as they are visible. There is no quicker way to destroy team effectiveness than to let poor behaviour go unchallenged. The FACT framework is useful to use during these types of conversations as it takes the emotion out of the equation. And yes, these types of conversations are not always pleasant.

The FACT approach provides some structure.

F: Fact based
A: Action orientated
C: Constructive
T: Targeted.

On some of our larger projects we have found it advantageous to create a team collaboration portal or information repository to store wikis, documents, plans and lessons learned. It gives the team the opportunity to share and collaborate.

An effective team will not only deliver a successful project, it will help create and refine intellectual property.

PRACTICAL TIPS

• Include different thinking styles in the team.
• Identify and encourage required behaviours as well as capabilities.
• Document and communicate roles and responsibilities.
CHAPTER 4
Creating and Building Business Performance

The business strategy and goals define the business objectives. The strategy is an enduring and authentic anchoring point to which everything else aligns. It provides an internal perspective of the things that need to be achieved and it sets the timeframe for when objectives need to be met. It also provides an external perspective of how customer and stakeholder expectations will be met.

The strategy is a foundational element of the ‘to-be’ business performance architecture. The Strategic Performance Framework™ aligns key business enablers to the strategy and defines the structures and activities that are needed to support the organisation's overall capability such as people, systems and relationships. How these are applied can vary depending on the organisation's size and geography and on the outcomes that it needs to achieve.

Every business has the opportunity to operate on multiple levels – local, national or global – thanks to the internet and emerging technologies. Any business has the option of becoming a global business. You need to define the most appropriate business model for your needs. Small and medium size businesses may not have the size of large corporates or multi-nationals, however they do have a similar level of operating requirement and complexity. As we have already mentioned, removing or minimising this complexity can improve your bottom line and operational effectiveness, regardless of the organisation’s size.
The way business is transacted today is vastly different to the way it was transacted even ten years ago. We could go as far as saying last year. On a recent trip to Malaysia when staying at a particular hotel, instead of receiving a physical daily newspaper, we had to scan a QR code and nominate the publication we wished to read. A bit poor if your smart phone battery had died. But no, they had thought of that too and had conveniently located secure phone recharge stations in common areas throughout the hotel. Technology change is impacting both the way we work and the way we live, even for minor tasks like reading the newspaper.

All businesses need to adapt to an ever changing landscape. You only need to look at the following model to see how things have changed over the last three or four decades.
When considering and prioritising the changes the business needs to make, the board and the executive team need to continually monitor what is happening within the industry and the broader commercial landscape. This is not only the job of the executive, it is imperative that all staff present observations and feedback. The organisation needs to be able to react and respond quickly to market or industry changes.

This is easier said than done. We often experience functional managers continuing to operate with a silo focus and with no real emphasis on how to turn strategic initiatives into workable commercial action. Even those businesses that run autonomous regional models often fail to realise the benefits of integrated business processes and capability.

Where processes can be simplified they should be. How each process delivers value to customers and contributes to improving cash flow requires continual assessment and optimisation. Often, this information stays within the domain of the executive team, very few operational staff understand how the business needs them to deliver and perform value based services. Every organisation wants to hire the best person for the job. Then why do so many organisations, when they have hired the best, restrict them from doing their best?

Shifts in market conditions and the economy as a whole is painful for a lot of businesses. This means that these businesses have to focus on preserving their cash reserves and maximising revenue generation opportunities. After years of pursuing growth, for some it is now a case of survival. This is a real test of leadership. This is where we believe a performance framework can help. How? Firstly, by documenting and understanding the baseline you can see where value creation happens, where costs can be removed, what skills and capabilities you have that can be used to develop and maximise revenue generation. Secondly you can identify the business processes or activities that consume cash and don't contribute to revenue or value.
The *defining the enterprise structures*, as part of the process, will:

- help you evaluate the current business model and organisational structures
- provide an opportunity to challenge the status quo
- based on the outputs from the baseline, define the key enablers you need to make the business sustainable and repeatable
- ensure that you can produce the data and information needed to make sound business decisions.

And *defining a performance architecture* will:

- frame a communication plan that will get everyone on the same page and prepared for the journey ahead
- define the business systems architecture that provides integrated information environments to deliver real time information, innovation and differentiation where needed
- provide the ability to monitor and adjust to suit the business and market conditions.

The implementation phase is all about delivery and alignment of strategy, technology, process, people and information.

Over the many years we have been working with organisations to deliver practical commercially focussed performance improvement, we have embedded a number of key practices into the service delivery. Firstly we use Realising Success® as the framework. You can use whatever framework works best for you, but we suggest you use something. It’s a good starting point and you don’t have to reinvent the wheel. In our approach we start by using the steps below. We assess the current position of the business, including where the market and industry are currently at. We then look at the structures which the organisation has in place and determine whether the structure and skill sets need to change. From there the planning for the to-be state commences and, once accepted, the implementation starts.
So the core phases are:

– The baseline
– Designing the enterprise architecture
– The implementation
– Optimisation – connecting the dots.

There are a lot of things to consider along the way. When we first start discussions with a new client, occasionally, they will say that the task is too great and feel somewhat overwhelmed by the thoughts of what needs to be done. However when they see the phasing and what can be achieved in a short timeframe, the feeling of being overwhelmed quickly diminishes. Quick wins can be very convincing. We have not had one client who has said they were not happy with the result.

One of the most critical project activities is keeping the team focussed on priorities. At times this feels like you are herding cats. This is where strong organisational leadership and delivery management is required. Leadership is often seen as a soft skill and in part it is. But it also needs to be a hard skill, at every level, not just at the executive level.

Successful leaders – those who can transform local, national and global organisations into places of learning, continuous improvement, sustainable performance and best practice – are in high demand. Today’s leaders must lead in environments where there are multiple agendas, high rates of change, large volumes of information and a highly educated, diverse workforce. They must be able to set the vision and be capable of selling the vision and encouraging people to take the journey. They must also have the right tools to do the job.

The model below outlines four key roles which we believe every business leader must be able to fill: visionary, tactician, facilitator, leader and the skills that they need. Every member of the team needs to demonstrate leadership, whether it is positional or situational.
We encourage leadership development as part of every project. A practice we instigated many years ago into our delivery management was a 15 to 20 minute stand-up meeting which is held every morning to review progress and address any issues or constraints. This process enables positional and situational leadership within the team. We use the meeting to allocate tasks and resources and to put collective thinking into problem solving. It’s a constructive way to start the day. It also provides an opportunity for team members to share what they have done, issues they have faced and the solutions they found.

It fits well with teams that are familiar with and have used agile methodologies. If you are not sure what agile methodologies are, there are a number of good reference books available on Amazon.com.

Recently, we completed an enterprise architecture project for an IT firm which was part of a larger building and construction organisation. The IT team had implemented and honed their agile development capability and were in the process of developing a bespoke application to be used throughout the group. Interestingly, as we worked through
some of the functionality and integration challenges, the CFO of the organisation started to attend the sessions. Then the CEO also started to attend. At the sessions we raised questions around customer experience and what applications would be used to optimise business processes. It was during these sessions that the executive team realised just how valuable documenting the current and future state architectures was and what opportunities they had. What started out as an IT project is now a whole of business project. They are on their way to being a much more effective, profitable and aligned organisation with engaged leadership.

**PRACTICAL TIPS**

- Where possible remove complexity in systems, processes and thinking.
- Consider and develop the business differentiators.
- Identify disruptors.
- Develop positional and situational leaders.
CHAPTER 5

Phase 1 The Technology and Enablers
Baseline – A Starting Point

A primary reason for completing the baseline position is to determine and understand what is used, where things reside and how they are used. It also helps to identify what can change easily if required and what will be more problematic.

Looking at what you have and what you do provides a great opportunity to reduce or remove costs from your business.

These are the types of cost reductions that can be easily realised:

- Improve cash flow through quicker billing and collection.
- Consolidate or outsource technology infrastructure to reduce running, support and maintenance costs.
- Improve information management processes to reduce the time people spend on managing and searching for information.
- Improve the efficiency and effectiveness of operational processes.
- Reduce human resource costs.
- Reduce customer churn through delivery of value and improved experience.
- Reduce unplanned down-time.

The baseline process documents all of the technology and structural enabling elements used and applied throughout the business. Areas such as the:

- organisational structure
- technology infrastructure and capability
- enterprise application layer including, enterprise resource planning, customer relationship management, computer aided design and any other specialist applications
- current capability
- organisation’s current maturity level.
Every organisation has some form of legacy system, infrastructure and ways of doing things. This can be an old server sitting in the corner of the office, a series of Excel spreadsheets or it can be an enterprise resource planning system that no longer delivers what the business needs. Legacy systems often support specific core functions within a business and in some instances require niche or specialised support. In other instances people just don’t want to let them go.

The decision to upgrade or replace these systems at some point is inevitable. By completing the baseline you will know what the impact of change will be. Decisions to change systems and technologies are not made lightly and need a compelling reason for change. Productivity gains, cost reduction, head count reduction or differentiation are usually compelling reasons.

Technology is pervasive and impacts all aspects of the business, regardless of industry or size. In established organisations the technology layer has typically been added to and modified in an ad-hoc manner over time to address specific business issues. With the advent of cloud based applications and telematics some businesses don’t know what is being used. One client was planning to replace its centralised content management system and part of this process was to automate time recording. It then was found that teams at remote locations used cloud based applications they had purchased on subscription. The decision to acquire and use these services was not visible to the rest of the organisation. Whilst local authority to purchase has its benefits, the dis-benefits also need to be considered.

Generally it is a good idea to know what is in place before you start defining the future state for three key reasons:
1. You need to understand where the business is at.
2. You can determine the change effort required.
3. In the event of a business disruption you are aware of what needs to be recovered, why and when.

Organisational structures are like legacy systems to some degree, they are formed when the business is founded and are only changed as part of reorganisations or other business initiatives. It is rare that strategy, technology, process, people and capability are continually aligned.

Not only do you need to document the existing organisation structure for the baseline process, you need to have a clear view of how things can be improved for when you move to the stage of defining the to-be state of the organisation. We cover more on organisation structures in Chapter 7.

The information gathered during the baseline process provides insight into the current use and application of the organisational structure, the technology and business systems and how they support the organisation. It is a great way to identify any gaps or weaknesses. Outputs from the baseline process can be used as the foundation for defining the to-be organisation.

Business systems are mainly used as systems of record, to record and measure all business transactions. Others can be classed as systems of experience, for example websites and portals. Some systems are highly automated, some are self-testing and have little human interaction, and others are nothing more than reporting engines. Regardless of what the system is, it is vital that the team understands how it works, how it is deployed and – most importantly – the business processes it supports.

Whilst using a Strategic Performance Framework™ can be seen as common sense, it provides a structured approach to gain visibility and to better understand what you have and what needs to change. We find that common sense is not always that common!

A number of artefacts (models and diagrams) will be produced during each stage of the project. You don’t need to go over the top with these,
just define and use the ones you need. We have rescued projects where
the project team had the view that producing the models and diagrams
was the total focus – a somewhat misguided view. Just don’t let
perfection get in the way of good enough.

Ideally you will store all project documents and outputs in a central
repository, so the team can always access the most up to date
information and so there is transparency and knowledge sharing.
A fundamental purpose of the various models is to aid understanding
and communication. They engage and encourage people to question and
challenge what the future state needs to be.

The following process model outlines some of the steps included in
the baseline which need to be completed. You will see that this is not
a strict linear process. As the steps are progressed and weaknesses or
shortcomings are identified, they can be documented and it can be
decided if they need to be resolved and how to resolve them.
Which leads us to the taxonomy.

**The Taxonomy**

Taxonomy is a term used for the identification and classification of the documents and artefacts which are needed as references and for communication. We have included a section on taxonomy at this point, although it is applicable to all phases of the Strategic Performance Framework™.

Most businesses have a defined information taxonomy in place, be it formal or informal; some will have different terms for it. Essentially it’s an information classification method. If a formal taxonomy does not exist, an option can be to start with an industry standard taxonomy. Judgement is needed to determine the level of granularity that is appropriate and how documents and models will be managed for your project and where and how they are to be stored.

A taxonomy will provide an understanding of where data and information is stored and how it is shared. This information is useful, particularly when you are defining and implementing reporting and business intelligence activities. It is always a good idea to know where the information you use for decisions comes from.

It is important to note that as the business evolves so will the taxonomy, therefore it will need to be maintained.

As a starting point we have classified some typical information that is required for the Strategic Performance Framework™ and have separated these classifications into specific groupings for ease of reference. This information can also be used when completing the maturity assessment in later stages.

**Business information**
- Organisational structure and charts
- Strategy, objectives and business plans
- Business process maps
- Control and management structures
• KPIs and performance tracking
• Business capability
• Business transformation requirements
• Information requirements
• Operational locations.

Technical infrastructure information
• Network diagrams
• Infrastructure diagrams
• Technical reference models
• Service components
• Governance framework
• Security architecture
• Baseline architecture.

Application information
• Enterprise applications and modules
• Productivity applications
• Specialised applications
• Application architecture diagrams
• Application integration diagrams
• Information management plan and practices
• Short, medium and long term issues to be addressed
• Database schemas (if available)
• Workflow models
• Baseline architecture.

Governance information
• Governance framework
• Decision making protocols
• Risk management processes and practices
• Maturity assessment
• Security and privacy
• Business planning process.
People and team information
- Executive team strengths and weaknesses
- Management roles and responsibilities
- Team competencies
- IT competencies – as-is and to-be
- People development plan
- How decisions are made.

Strategic Performance Framework™
- Baseline architecture
- Transition strategy and plan
- SPA training plan
- Reference models
- SPA training materials.

These documents and artefacts are used to progress inquiry, challenge, analysis, visualisation and design.

The IT Function
The structure of the IT function depends on the size and complexity of the organisation. Some businesses have internal support teams, some rely totally on external service providers. Others take a hybrid approach. With the increasing use of data centres, cloud based application services, infrastructure as a service and so on, the role of the IT function is changing.

The number of demands for functionality and rapid technology deployment is increasing at a pace that it is difficult to keep up with. In some organisations there are two technology architectures, one for internal transactional systems and another for customer experience based systems. Often they don't interact and are managed separately. The challenge is to have a seamless enterprise architecture.
Most IT or business systems functions are headed by an IT manager or CIO. The role of the IT manager or CIO is no longer purely a technical or business systems role. Regardless of title or job description, people in these roles are responsible for delivering more than technology and business systems. They need to build and manage internal and external relationships. They need to build and empower teams that can help effect change. Most importantly of all, they have to drive continually improving performance. To do this, most IT teams look to proven tools and frameworks to help them.

Frameworks such as COBIT (Control Objectives for Information and Related Technology) and ITIL (Information Technology Infrastructure Library) provide guidance and structure for the management of the IT function and services. COBIT provides the governance structures and ITIL defines services and how they should be managed. When these frameworks are combined and implemented well and to scale (using what you need), they can be effective as they outline what the IT function should be doing and how it should be doing it.

We have seen a number of small to medium size IT departments struggle with frameworks such as these. They can be difficult for teams to understand and apply. They can also be time consuming to implement. We have seen teams that have used external contractors to drive their implementation with lacklustre results. When implemented in a prescriptive fashion, the result is a less responsive IT function with a higher level of bureaucracy. The key is to only use the bits that are useful.

An effective IT function will have an applied governance framework of some sort and it will understand the services it can deliver. To deliver these services it will need specific skills and competencies. Hiring the right people with the right skills and attitude is critical for any highly performing IT function. You need to determine what skills and competencies you need to manage your particular business and systems architecture. Will you build and maintain internal team capability or will you outsource? Either way, you need to understand what you have and what you need.
In today’s environment, the IT function is increasingly managing both back end and customer facing systems and technologies. These have to enable the business to deliver its products and services better than its competitors. It is no small feat. In less progressive organisations the IT function has no customer contact and has no concept of what customers want.

As with any business function you need to monitor and manage performance. The IT function is no different. The IT function is made up of a number of elements:

- people
- processes
- services
- technologies
- structures and hierarchies.

All of these elements need to synchronise in order to achieve acceptable levels of performance. The IT function lead – be that an IT manager, CIO or CFO – needs to understand how to align and synchronise these five elements and how they drive customer value. As the pace of digital transformation increases, old methods and practices won’t deliver, so new ones need to be devised and applied.

How the IT function delivers value to both customers and consumers needs to be understood and communicated. This includes how IT costs contribute to revenue and the overall businesses cost of sales. If this is not known, IT is not being used as a strategic enabler and asset. It will be seen as simply another cost centre and not a provider of business capability. In this case typically, if there is a reduction in revenue for any reason, it will be one of the first costs to be minimised.

When we look at how our clients measure their IT performance, there doesn’t appear to be one ideal method. The approaches they take are situational. They all have different performance measurement maturity levels. One thing that they do have in common is that they use performance measurement to adjust resourcing and funding. Some see IT as an enabler, others see it purely as an overhead cost.
There is a number of ways how the performance of the IT domain can be measured and managed. How and what you measure will depend on whether IT is structured as a **Profit Centre** – where it generates revenue; **Cost Centre** – where it has an internal operational focus; or as a **Service Centre** – where the focus is on strategy enablement and business capability. How and what you measure can also depend on the construct of your IT function, whether it is internal, external or a combination. Before you start on any measurement programme it makes sense to define:

- What are you measuring and why?
- How is the measure linked or aligned to the organisation’s overall performance management?
- What data and information is used to support the key performance indicator or measure?
- Where is the data for the measure sourced from?
- Who is responsible for acting on the performance measure?

The **Plan–Do–Check–Act** four step model, or the Deming cycle as it is more commonly known, is a practical approach for performance management. We use this model a lot on business architecture projects as it is easily deployed and understood.

**PLAN**  Set future goals for the organisation.

**DO**  Allocate resources and progress the implementation.

**CHECK**  Provide oversight and management – highlighting exceptions.

**ACT**  Align strategy, policy, processes, behaviours and performance.

An organisation is only as good as its people, as they say. That means that the effectiveness of the IT team (or any other team for that matter) also needs to be monitored and managed. How services are delivered can be a major differentiator for the business.

There are a number of things which we believe drive team effectiveness. Whilst we are focussing here on the IT function, the principles remain the same for all departments, activities and teams.
First there are the vision and values, seen by some as unnecessary, but we see them as worthwhile. Value and vision statements sometimes can be so generic that they become almost meaningless. A meaningless vision can be worse than not having one at all, as it can set the wrong direction, often wasting valuable resources. When organisational and personal vision and values align, the organisation has the opportunity to develop a highly collaborative culture.

Where collaborative cultures exist, there tend to be higher levels of effective communication, greater job satisfaction, higher levels of customer satisfaction and retention plus an overall achievement of organisational goals.

So what are some of the things that help build collaborative and effective teams? This list is not extensive, but it may give you some ideas.

- vision and values (we see mission statements as pointless)
- building on strengths
- decision-making
- communication
- situational leadership
- negotiation
- relationship management
- understanding interdependencies
- professionalism
- delivering high quality work
- ethics
- chocolate.

A great way to build team effectiveness is chocolate! Yes, believe it or not. On one particular project the team we were working with was dysfunctional to say the least. It was a group of engineers who were used to being subject matter experts and working unchallenged in their own domain. We expected them to be collaborative and to share their expertise and knowledge, which was no easy task.
We had to come up with an idea for getting the best out of this team. Then we had an inspired idea – we took chocolate to the meeting. We found taking chocolate to the team meetings was a great icebreaker, it was a novelty, totally unexpected and no one had done anything like it before. It was the last thing they expected from external consultants. But the amazing thing was: it started a conversation, even if it was about chocolate. It raised the bar and set a precedent. We share this story, because we believe the little things can make big differences to team performance.

The performance management process will need to balance things other than chocolate such as **Passion** – how the passion projected inspires others. **Integrity** – honesty and principles. **Curiosity** – wonder about everything and learn from every experience. **Daring** – try new things and learn from adversity. **Generosity** – empower the team. **Delivery Management** – time, cost and quality with a commercial focus. **Diversity** – of capability and thinking styles.

The issue with performance management is that it needs to be in the context of the size of the business. A performance management requirement for a large organisation can be somewhat different to that of a small organisation as larger businesses tend to be more bureaucratic. The aim is to enhance performance without the burden of bureaucracy. We prefer to have performance management embedded into daily activities rather than formal assessments.

If the IT function has the right structure and capability and is helping deliver great customer and business value, it can help shape the organisational strategy. It can do this by being able to provide technologies, data, information and services that make new products and services possible. These in turn then contribute to enhanced or new revenue streams. All the more reason for making sure the IT function is not locked away in the basement, but is actively engaged in the business.
Maturity Assessment

Maturity assessment is a self-assessment or evaluation of how the organisation rates itself in a number of areas, such as:

- strategy alignment
- governance
- operational process
- people and capability
- data and information
- organisational structures
- technology.

It helps you determine where you need to concentrate effort to achieve the future or to-be state. We start the maturity assessment in the baseline phase as it provides a starting point. Assessments are then completed on a regular basis. Annual assessments are often adequate. If maturity assessments are completed by different departments or activities within the organisation, it is likely that each will have different maturity levels. For this type of project we find that an enterprise level assessment is preferable.

Organisations with low levels of maturity tend to have ad-hoc processes and procedures and are inconsistent in the way they approach things. Organisations with high levels of maturity tend to have defined, consistent and standardised ways of doing things in place.
There are numerous maturity assessment tools available. You can use simple checklists which provide a list of questions that merely require a yes or no response such as:

- ad-hoc approach
- basic and repeatable
- defined and managed
- controlled and measured
- optimised.

It really doesn't matter what method you chose to use as long as it is consistent.

Once you have the assessment rating data you can apply it in a visual way. The following model is one that we find useful as it helps communicate the starting point. It can be updated over time so progress can be tracked. This model is one of several we use, but a simple radar diagram can be just as effective. The key thing is to understand where you currently are and where you need to be. This particular model outlines the strategic objectives, the future or to-be state and the current maturity rating.
Moving Towards a fully effective Strategic Performance Architecture

**Current**

**STRATEGIC PROCESSES**
- Finance
- Manufacturing
- Supply Chain
- Communication
- Marketing

**STRATEGIC ENABLER PROCESSES**
- Planning – Governance
- Capable workforce
- Enabling technologies
- Data & Information

**Future**

**Strategy:**
- Integrated
- - Highly responsive
- - Audit ability
- - Architecture is an integral part of planning

**Governance:**
- Service level agreements
- - Strategy Aligned

**Process:**
- Integration
- - Efficient and Effective

**People:**
- Empowered
- - Capable

**Technology:**
- Enables the business
- Secure
- Gets the right information to the right people at the right time.

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© Realising-Potential Pty Ltd – The Strategic Performance Framework™ Maturity Model
Separate models for data and information maturity and services orientated maturity can also be produced at this stage if it is of value to do so. It depends on the level you want to report on.

Measuring an organisation's maturity level is an interesting process as perception is not always reality. Different divisions or departments often have different views on where they are at with things like data accuracy, systems performance, process improvement and so forth. Conversations that explore reality versus perception typically generate some robust discussion.

**PRACTICAL TIPS**

Some rules to be applied:

- Create models and diagrams for a purpose – not just for the sake of creating an artefact.
- Establish a practical document and information management process.
- Uniquely identify each model and diagram.
- All documents and models should exist to be used to communicate and develop understanding.
- Conduct a maturity assessment as a starting point only at this
CHAPTER 6
Efficient and Effective Business Process

At its core, business process is a collaborative and connected way of working. It is a set of activities and operations which – when executed well by using technology, people and information – creates value and assists the business to achieve its objectives. With intensifying economic and budget pressures, more than ever, companies need to define new ways of differentiating, increasing revenue and cutting costs.

With the increasing convergence of information and operational technologies many operational processes need to be redefined and optimised. Until recently the IT Manager or CIO was responsible for all IT systems, and operational technologies were typically under the management and control of the business operations. The domains were kept separate with little collaboration. We are now seeing this change and businesses need to adapt by exploiting and leveraging their technologies, enabling highly collaborative teams, developing common standards and organisational wide governance. This is where the C-suite needs to work together.

Business processes and the technologies they use often cut across departmental, divisional and even enterprise boundaries. They are influenced and defined by internal and external business drivers. Often they are also designed and implemented to suit the operations of specific business applications or industries. So it is important to know what you are dealing with and why.

As you can see from the model below it will come as no surprise that we are working in an increasingly connected world. That means it is difficult to change one thing without impacting another. However what can be changed is an improvement in productivity through more efficient and effective processes and by leveraging technology.
For business process improvement activities to be successful you need to have the following foundations in place:

- A defined business model and strategy
- Stakeholder commitment
- Adequate resourcing and workflow
- Performance measures
- Performance monitoring.

Reviewing existing business processes gives you an opportunity to:

- Improve the end to end process.
- Identify redundant processes or processes that do not add value.
- Standardise processes across business activities where it makes sense to do so.
- Determine what compliance and industry standards need to be adhered too.
• Outsource entire business processes or parts thereof.
• Build differentiators to improve competitiveness.
• Identify and implement quick wins.
• Identify business critical processes.
• Better understand and plan for business disruption or disaster recovery.
• Determine if policies and procedures need to be updated.
• Remove things and activities that cause common mistakes.

Process improvement forms a major part of any Strategic Performance Framework™ project and requires a commitment of time, money and resources.

Team capability, behaviour and attitudes have a direct impact on the effectiveness of any business process improvement initiative. Clearly communicating and explaining the drivers and reasons for change puts the need for change in context and helps to reduce resistance.

As operational processes evolve, so does the data and information captured. This data and information can be classed as structured (stored within enterprise level applications) or unstructured (stored in spreadsheets and documents). This data and information can be used to further differentiate the business to customers and to identify new markets and revenue opportunities. It can also be used to measure and drive improved performance.

During one particular project, after mapping the critical business processes, we were able to identify where manufacturing activities could be improved by bringing together – as concurrent activities – software development, hardware engineering and invoiced progress claims. This one small change reduced labour hours and cost, reduced machine build time and improved cash flow.
Process Mapping

There are numerous business process mapping and modelling tools which you can use. Some we have found are better than others. For small uncomplicated businesses Microsoft Visio, for example, is an easy to use tool. For medium to large organisations products such as BusinessOptix and Flowcentric provide process automation and optimised workflow, which help drive productivity improvement as well as source data from multiple systems. You simply need to determine the right tool for your project and approach.

There are two levels of effective process mapping, macro and micro. Again, you need to use your judgement about the level that is most appropriate for your particular project. The value of high level or macro mapping is that it quickly visualises the process, allowing you to walk stakeholders through the various steps and decision points. The following model provides a high level view of an engineering project reporting process. From this you can fairly quickly determine the types of activities that are undertaken. It really doesn't communicate anything more than that.
To extend the above model you can include the following:

- What information is required by a particular step in the process, such as master data?
- What information is generated at each step (if any)?
- What decisions (if any) are made or required at each step?
- What processes are currently automated, by workflow or application integration?
- What applications or systems are used as part of the process?

Ideally, the executive team and broader organisation will articulate where they see that opportunities exist before improvement initiatives start. For example opportunities might include where new technologies and automation can be applied, where customer demands and requirements are changing etc.

Once the process map is completed you can start looking at how the various activities can be improved and made more efficient and effective. You can also identify how the process adds value to the business. Using post-it notes on a wall or whiteboard is a great way to start on the review and challenge how things are done.

Once you have processes mapped you have an opportunity to reduce complexity. How can you recognise complexity? Identify:

- the number of activities completed as part of one complete process
- interdependencies
- the discipline involved such as engineering, peer review
- reporting and tracking requirements
- the number of stakeholders
- communication requirements
- conflicting priorities.

The Strategic Performance Architect must work with the various business teams to identify and formalise process improvement and optimisation activities. You can workshop these types of sessions to ensure that everyone in the group has an opportunity to contribute and that changes required are identified, agreed and assigned for delivery.
If a particular process cannot be aligned to specific strategic outcomes, time and effort on improvement activities can be a waste of time and effort. You need to make a judgement call. Likewise if a process does not contribute to differentiation, increased capability or improved profitability, don’t waste time on it. By all means question why you carry processes that are clearly overheads and not value-adding.

In very large and mature organisations improvements can be challenging to implement due to things such as structures, reporting lines, accountability assignment and culture. Whilst it is challenging it certainly is not impossible. This is where the broader coalition of the willing needs to be engaged. These are individuals who are not part of the formal team, yet as individuals they use their own personal network and persuasion skills to influence approaches and buy in. Informal and personal networks can be more important than you think.

Process improvement can be considered a success where:

– Cost is removed or reduced
– Capability is improved at a department, division or enterprise level
– Revenue opportunities increase
– Asset utilisation is increased
– Waste is reduced
– Risk is minimised
– The number of steps to complete a process is reduced
– Financial results preparation time is reduced
– New differentiators are identified and promoted
– Customer retention and satisfaction increases as a direct result.

We mentioned earlier the importance of identifying what processes add value to the business. Once you have completed your process mapping exercise, you can develop something like the value model below. We developed this model to communicate how one particular business could build on and enhance its value. In this instance there were three distinct value driving areas. You may identify more or less as part of your own project.
Value is driven by fully understanding the organisation’s purpose. In the most basic of terms, value is created when the activity generates cash.

Value drivers change over time, so it is important that the business performance team monitors trends and disruptive technologies that will impact the organisation and the industry it operates in. Some activities you need to monitor and adapt are:

- operational capability
- minimising overhead costs
- optimised processes
- new products and services
- pricing
- hiring and staff retention
- processes that are no longer driving value.

**PRACTICAL TIP**

- Align value drivers to the organisation’s purpose.
- Watch for trends and disruptive technologies and adjust accordingly.
CHAPTER 7

The Organisational Structure

Organisational structures should be clearly defined and recognisable, encouraging collaboration and sharing rather than silo based activities.

As organisations grow and evolve they frequently modify structures (often through acquisition or divestment of business units) and implement methods and ways of doing things which develop specific capabilities. Over time these can become inefficient, fragmented and duplicated, stalling strategy execution. Operational processes can also become ineffective and inefficient.

Organisational structures support how the business operates. How an enterprise is structured needs to be reviewed and assessed to ensure that its performance is optimised. For instance is the enterprise a single company or multi-company? Is it divisionalised or does it have a simple department structure? What financial and statutory reporting is required for each activity? Do financial results need to be consolidated? Once you have the answers to these types of questions you can start to assess the effectiveness of the current structure and the enabling systems and processes that support it.

There are a number of ways an enterprise can be structured. It can be structured by business type, function, geography or by product and service to name a few. This is why thought needs to be given to the best structure for the business. If the right structure is not in place it will negatively impact agility, collaboration, decision making and – most of all – the ability to drive value.

We see poorly optimised business structures on a regular basis. Each of these businesses has one or more of the following challenges as a result:

- silo based operations
- inefficient asset utilisation
• increased overhead costs
• poor workflow and collaboration across activities
• reporting and data consolidation delays
• poor integration and standards.

By putting the right structures in place you can start aligning the strategic goals of the enterprise to the enabling layers of technology, process, people and information.

Some businesses push back on undertaking a restructure or reorganisation, as it is seen as disruptive. But rarely do surface or cosmetic changes achieve the desired effect. This is where you need to question if the business actually wants to change and drive business performance. We acknowledge that any restructure is disruptive – but done in the right way it is positive disruption.

Once the organisational structures are defined and reviewed you can move on to the other structural elements of the Strategic Performance Framework™ such as:

– Strategy and business objectives
– Capabilities and differentiators
– Desired outcomes
– Performance measures.

Structures in many cases determine reporting hierarchies. The aim of the Strategic Performance Framework™ is to ensure that the organisational structure is optimised to enable timely data and information availability, effective decision-making and customer value. The business should be structured in a way that performance of all activities is transparent, can be easily measured and promotes innovation and continuous improvement.
Once you have the structures and performance addressed, you can start looking at how the business makes decisions. Decision-making processes are often overlooked, yet they are a fundamental part of business activity. The Kepner-Tregoe model is useful as a structure for working through decision making and agreeing decision criteria. We have a number of clients who use this method and they find it does help to articulate why and how decisions are made. As with most things, toolsets and methodologies evolve overtime. You simply need to select and use those that are appropriate for your project. Refining and improving how people make, act on and implement decisions can help the organisation realise substantial benefits.

Keep in mind that decisions that appear to be good ones, initially, are not always wise ones.

The following process map highlights some of the steps to be considered when reviewing the organisational structures. You will see that as part of the framework we suggest that you select the components you want to use. We mention this for a couple of reasons. The first reason is the entire framework may not be applicable to your particular project, especially if you have a small remediation initiative. The second is that you may already have embedded frameworks in use and you want to leverage these. The important thing to remember is to ensure that whatever elements or methods you use are set to achieve your specific outcomes.
CHAPTER 8

Business Differentiators

There is an old saying – you can’t please everyone. So why is it that some organisations try to do just that? To try to please everyone means you can potentially erode or lessen the effectiveness of the very thing that makes the organisation different from everyone else. It can also weaken your brand and your market position. It is the organisation’s differentiators that make it stand out from everyone else and a reason customers buy from you. They provide the perception of exclusivity. As Jack Trout, who used to work for General Electric, states “To be different is to not be the same. To be unique is to be one of a kind.”

We mentioned earlier that when you are mapping your operational processes you need to identify, protect and enhance your differentiators. In the case of Realising-Potential we acknowledge and promote the things that make us different: our team and how we do things. We openly state we are not for everyone. What we do is not unique. Most out of work executives try consulting at some point. However how we deliver what we do is unique. A key element of each project is that we strive to have fun while delivering what we hope the client will see as exceptional value. Life is too short not to enjoy what you do. We like working with interesting clients with challenging problems to solve and with a clear sense of who and what they are. We also want them to have a great experience.

It is amazing how many times, when we are discussing an initial meeting with a potential new client, we can agree on the type of organisational culture, the challenges the business faces and its differentiators by picking up on the symbols, behaviours and language used. For example, we were asked to meet with a particular business, which provides oil and gas industry services, to discuss a new project that they were considering. When we arrived at the building, the foyer had a used industrial drill head prominently displayed inside the door.
It was sprayed silver for effect, you could not miss it. The reception desk was laminated with corrugated iron sheeting and the reception desk was supported by drill pipe. From the outset you clearly knew what the business was about and what industry it serviced. It was a company promoting its marketplace. During the meeting with the managing director we discussed the challenges which the business faced and the reasons for the planned project. Their differentiators were clearly articulated:

1. responsiveness to clients’ needs
2. value-add – providing engineering expertise to address complex requirements
3. logistics – shipping materials to remote locations.

Another good example is a client who manufactures advanced equipment simulators, Immersive Technologies. Our first impression: the building was relatively new, lots of glass and aluminium. As you walked towards the reception, the staff work area was visible from the walkway. It was a young, technically focussed workforce. Desks were covered with models and gaming devices. Creative energy was clearly visible. Walls were covered by customer awards and testimonials. As you entered the reception area you were faced with a large screen displaying a video of the equipment simulators in action. A demonstration of capability and customer satisfaction.

Clear differentiators were:

1. product specialisation
2. technical and collaborative ability
3. customer satisfaction levels
4. uniqueness.
We have worked with this client on and off for several years now and the areas we identified as differentiators are clearly so. The company strives to produce a great product, user experience and high levels of customer satisfaction.

When we ask potential clients what their differentiators are, quite often they don't have an answer – or the list is so long it doesn't make sense. In these cases we need to work through a distillation process to get to the core. You can't protect and develop what you can't identify.

Have you defined what your organisation’s differentiators are?
CHAPTER 9
Incorporating Governance and Risk

What is governance? An interesting question and one that most people struggle to clearly define or articulate. We relate to the definition used by the Australian Stock Exchange, “corporate governance describes the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled. It encompasses the mechanisms by which companies, and those in control, are held to account” – so in simplistic terms its principles, policies and practices.

As organisational governance requirements vary from business to business, there is no single model of good corporate governance. However there are some things organisations can do to ensure that any governance framework or process they do use is effective. By effective we mean that governance is seen as a set of responsibilities and practices exercised by the enterprise with the goal of ensuring business objectives are met and risks and stakeholder requirements are managed.

It has been our experience that governance is often viewed as a compliance activity or overhead which does not necessarily deliver value. We regularly see governance manuals and procedures sitting on a shelf collecting dust. The only time they are taken off the shelf and the dust is removed is during an audit or compliance check. In reality they need to be part of and support every day activities.

There are a number of governance frameworks available for reference. We have developed the Realising Success® governance model which outlines the activities we believe should be managed and controlled. You may have others that are either industry specific or you have found useful.
Let’s consider then some of the ways that governance can assist the implementation of the Strategic Performance Framework™.

- It can guide the organisation through ongoing change.
- It improves leadership and management capability and performance.
- Policies, practices and principles can be tailored to suit to organisation, whether that be a large corporate, private organisation or not for profit.
- How decisions are made and authorised is formalised and communicated.

Things that shape governance and governance requirements that businesses need to be aware of include:

- revenue drivers
- regulation
- technology innovation that drives change and new ways of working and communicating
- globalisation.

The following model is one we use to communicate the practical elements of governance. A good governance model, in our view, should define organisational behaviour and ethical standards, including standards for decision making. Guiding principles are an effective way to communicate values, desired behaviours and actions. Essentially governance is a foundational element of business improvement.
- Financial performance
- Operational performance
- Governance
- Market status and changes
- Structures
- Procedures
- Opportunities
- Innovation

- Strategic plan
- Information architecture
- Technical reference architecture
- Org structures
- Communication
- Governance
- Programme and project management
- Company artefacts

- External services and providers
- Performance management
- DRP and Continuity
- Budget and cost management
- Support and maintenance services
- Data and information management

- Implementation plan
- Performance architecture
- Applications and integrations
- Operational procedures
- Change management
However one thing to note is that governance frameworks alone do not instil ethical behaviour. There are well known examples of where specific performance outcomes were all that mattered. All too often we hear comments from business leaders such as “I don’t care how you do it, just do it.” In many instances organisations either consciously or unconsciously reward poor or unethical behaviours, all in the name of performance. Bazerma & Tenbrunsel, in their Harvard Business Review article, state “rewarding unethical decisions simply because they have good outcomes is a recipe for disaster.” It is an ongoing challenge most organisations face.

Risk management, ethics and practices, investment management, delivery and service management are all key elements of business improvement that need to be enveloped by good governance to ensure they deliver maximum value to the business.

We mentioned earlier that the governance framework should define the organisation’s appetite for risk and how risk is managed. In the world of business and strategic performance architecture we believe there are two methods for managing risk, defence and offense. The Strategic Performance Architect needs to use an offense approach to ensure the architecture can cope with changes to systems, processes, people, methods, regulation and industry.

There are several types of risks that need to be considered when undertaking any strategic performance improvement project. You need to identify the risks associated with your particular project. If risk is well managed, the level of confidence and trust in the project and all involved with it increases.

A good risk management plan can minimise cost, exposure and stress. When we commence a project there are a number of standard entries we include in the risk register. These are then reviewed and updated or approved accordingly by the team. For each risk noted there is also an entry for possibilities, opportunities and directly related benefits.
Some typical risks include:

- Investment
- Technology
- Software
- Security
- Business
- Compatibility
- Data and information
- Fraud
- Ethics
- Market
- Vendor management
- Team
- Loss of agility
- Loss of capability.

There also needs to be a process for identifying, rating and managing project risks as they arise. The Australian/New Zealand standard ISO 31000:2009 Risk Management Principles and Guidelines outlines a basic but effective risk management process.

There are several mechanisms you can apply to improve enterprise governance and risk management, these include:

- Optimised organisational structures
- Define how decisions are made and approved (where necessary)
- Optimised operational processes
- Executive oversight
- Delegated authority
- Common sense
- Cross functional team meetings to ensure transparency
- Implementing a code of conduct
- Audit and monitoring
- Collaboration
- Communication.
The Strategic Performance Framework™ team needs to determine how the governance process will be implemented to deliver the best outcome for the business and how value will be delivered.

Tales of IT and commercial project disasters and poor return on investment are quite common. The implementation of a sound governance framework as part of a Strategic Performance Framework™ can help prevent these by instigating the following:

- defined structures and lines of reporting
- a Strategic Performance Framework™
- an organisational culture that values better practice and innovation
- governance, including opportunity and risk management
- applying appropriate technology standards
- improved procedures and practices
- management and prioritisation of the various operational tensions and priorities
- performance management.

Guy Sereff states in his book Launching an Enterprise Business Architecture Practice that “without appropriate guidelines, decision criteria and controls being in place, it is difficult to determine if the right things are being done in the right way.” All the more reason why governance is a necessary part of any enterprise level project.

Governance takes effort, optimised processes and an understanding of how all the elements relate in your business eco-system. It’s only when you have this information that you can drive better and more timely decision-making and understand the risks you face and how best to manage them.
CHAPTER 10
Innovation – A New Way of Doing

Once the baseline process has been completed you have the opportunity to identify weak or poorly performing technologies, processes and capabilities. When you compare this to what you want as the desired or end state, you can quickly identify new opportunities and areas that can be improved. Any change you make must have a distinct purpose and deliver business benefit. True purpose is knowing what you are doing, where you are going and why.

Innovation is a key component of the Strategic Performance Framework™. It fosters the systematic evaluation of opportunities and the development of ideas that deliver improvements leading to better commercial outcomes. Most organisations associate innovation with new products and services and often overlook the improvements which can be made to operational processes and people behaviour.

The question “is pursuing innovation a waste of time?” is raised often. It isn’t if the strategy drives innovation. By aligning innovation to your strategy it helps focus on the activities that are important to the business. How often do you see special innovation or change projects start and then fizzle so they never achieve what they set out to do? They waste time, effort and money. When considering projects which are thought to be innovative or transformative, it’s a good idea to do the value test. This test ensures that whatever the planned end goal, it can be proven to have value to both existing and potential customers. Otherwise, why else would you do it? The key point in assessing value? Remember value must equal cash.

Tata Group, one of India’s largest manufacturers and service industries, invests heavily in innovation. Three key drivers of the Tata Group innovation programme include:

- better communication
- recognition of innovative ideas and efforts
- facilities and initiatives that enable learning from other companies.
Over the past ten to fifteen years, the innovative concept of a circular economy has attracted the attention of some of the world's largest and most progressive companies and thought leaders. We first came across the concept while doing work on product lifecycle. At its core a circular economy aims to design-out waste and promote recycling and reuse. These concepts can just as easily be applied to business improvement and transition.

It is commonplace today to capture data directly from assets such as plant and equipment and other mobile devices, making data and information both available and visible. The ‘Internet of Things’ is allowing organisations to compete in activities that once were the domain of large organisations.

A recent example of where we have seen this work incredibly well is in the mining services sector. Heavy equipment assets such as graders, dozers and haul trucks were all fitted with engine monitoring systems. This allowed data regarding fuel and oil burn rates, component service meter hours, operational time and so on to be captured and analysed. This provided a deeper understanding of the equipment performance, allowed scheduling of preventative maintenance and allowed optimisation of material logistics. Data was integrated into the enterprise systems on a real time basis, which meant the overall project cost and profitability was visible to those who needed it when they needed it.

So how can you introduce innovation thinking into your organisation and project? It is important that the business performance team encourages a culture of innovation. As innovation often involves experimentation it is important that people feel comfortable submitting new ideas and ways of doing things.
Some years ago we came across a product called FlashBrainer by Solution People http://solutionpeoplestore.com/tools-apps/flashbrainer. We find this product useful if the organisation is new to innovation. It is structured around the following four phases:

1. Investigate
2. Create
3. Evaluate
4. Activate.

Following are some ideas on how you can use it to enhance your Strategic Performance Framework™.

**Investigate**

- Investigate and assess weak or poorly performing areas of the business.
- Challenge the status quo.
- What technologies, tools or techniques will address the challenges the business faces?
- How can you minimise and better manage?
- Do you need more than a simple step-change?
- What new technologies can deliver value to existing and prospective customers, such as:
  - immersive technologies that deliver a real-world like experience
  - how complex data can be presented in a simple way using models and diagrams
  - using visualisation tools to improve communication.

**Create**

- Create an innovation roadmap that shows how and where value will be added.
- Create a storyboard for the Strategic Performance Framework™ to:
  - outline the problems you are attempting to solve
– identify how the proposed Strategic Performance Framework™ will help overcome the problems
– identify the stakeholders.

• Create more than a step change.

**Evaluate**

• What opportunities or risks do new technologies, processes or capabilities create?
• Evaluate each idea and opportunity for its ability to deliver required outcomes and value.
• What is the cost to deliver?
• What are the conflicts and priorities?

**Activate**

• Prioritise concepts and ideas.
• Execute well.

By following this process it gives people time to explore, process ideas, evaluate and plan for the implementation. The exploration and evaluation process will ideally include a financial and risk assessment.

Some questions to consider as you work through your innovation process are:

• How can you better resource your business and get the capability and services you need?
• How can you improve your planning and forecasting by using telematics data from vehicles and devices?
• How can you apply new technologies and services such as 3D printing and modelling?
• How can you improve your cash to cash processes?
• How can you leverage your intellectual property and know-how?
• How can you improve your sourcing strategies to improve your cost of operation?
• Can you identify and put new opportunities into action?
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Innovation is about coming up with new ideas and ways of doing things. Not every idea will be worth implementing. Some ideas will fail, but that is a great way to learn. The minute you know something is not going to work, stop and move on.

One client implemented an innovation programme as part of a broader knowledge management initiative. They took the process so seriously that they created an innovation room at the top of the building. It had great ocean views and brightly coloured couches and chairs. It had a huge flat screen monitor, projectors and whiteboards. It was a great creative work space. Did it result in great innovation? Unfortunately not, but it did encourage conversation, collaboration and new ways of working.

The message in this is, you don’t need a special creative room, you simply need to cultivate a team environment and provide ample opportunities for sharing, communication and collaboration.

**PRACTICAL TIP**

Remember what was impossible yesterday can be a matter of fact today!
CHAPTER 11  

Phase 2 Defining the To-Be State

In the baseline phase you created a number of models and diagrams which outline how the business is structured and enabled. You have defined what technologies and applications are used and what human resources and capability is available. This is the point at which you have the opportunity to model what the future state can look like. By using this method it enables decisions you make to be based on fact and not on guesswork. What is the impact of changing how things are done? What is the impact of putting business information into cloud services? What happens if you remove certain roles from the organisation? What happens if your key customers want data and information in a specific way? There are numerous questions which need to be answered and options which need to be assessed.

This is where modelling the future state is so important. It is the point where all the jigsaw pieces come together and the Strategic Performance Framework™ is defined. The baseline process provides a common understanding of the enabling structures, identified shortcomings and opportunities.

It provides visibility of:

- Enterprise business models and structures
- The technical and operational reference architectures, standards, build-plans and support capability requirements
- The enterprise application or business systems architecture
- The information inventory and information management plan
- Models and diagrams
- Integrated processes and better practice
- Innovation and new ways of doing business
- Performance management.
At this stage, we use the Defining the Architecture process. This process has a number of major and sub-processes. It is a methodical approach for defining the future state of the business. The following model is an example of the process.

The process involves defining the To-Be state architecture and includes defining the network and communications architecture, the security architecture, and the database management plan, among other things. It also involves identifying the requirements and constraints of the architecture, as well as defining the operational and technical requirements.

The process is illustrated in the diagram, which shows the various steps and processes involved. The diagram is a flowchart that outlines the steps required to define the To-Be state of the business.

The diagram includes a series of boxes, each representing a step in the process. The boxes are connected by arrows, indicating the flow of the process. The boxes include steps such as identifying the To-Be state requirements, defining the To-Be state architecture, and developing the To-Be state business plan.

The diagram also includes some text that provides additional information about the process. For example, it explains that the process is a methodical approach for defining the future state of the business.

The diagram is a useful tool for visualizing the Defining the Architecture process and understanding its components. It provides a clear and concise overview of the steps involved in defining the To-Be state of the business.

Overall, the Defining the Architecture process is an essential step in defining the future state of the business. It provides a structured approach for identifying the requirements and constraints of the architecture and defining the To-Be state of the business.
The first lane is alignment. Core considerations are value drivers and communication. What are we doing? When are we doing it? Where will it impact? What problems will it solve? Who is involved? How does it allow us to build on key strengths and differentiators? How will it improve profitability? What needs to connect to what? On projects such as these, communication is paramount.

The second swim lane outlines what needs to be done to define the technical reference architecture. This includes the IT infrastructure components such as operating environments, communications, hardware that will support and enable the business. Decisions such as “will the equipment be located on premise, be cloud based or a hybrid?” will need to be made.

We include vendor and partner management as part of this activity, as vendors and partners play a crucial part in supporting the delivery programme. You need to understand who your key vendors and partners are and what they are wanting from the relationship. In most instances these things are set out in service proposals and contracts.

It is amazing how many times we are asked to manage and repair broken vendor relationships as part of projects, mainly due to poor delivery management and communication. Vendor relationships tend to run relatively smoothly if requirements, expectations and deliverables are agreed, documented and managed. Without this, the best case is a poor delivery and a fractured relationship. In the worst case, you can expect requirements to not be met, often resulting in mediation and litigation.

Last year we were engaged by a legal firm to complete an expert opinion for a case where a business had not adequately defined its requirements for a large enterprise system implementation. The vendor planned to implement the system with minimal modifications and prepared the implementation costs on that basis. As the implementation proceeded
it became evident that the system was not going to work the way the business needed it. At the end of the exercise both parties were unhappy with the result. The relationship was irrevocably broken. After several years of dispute, the courts asked for expert opinions to assist with judgement. So if there is one thing you take away from reading this, let it be that you should always clearly define requirements and what is expected from your vendors and partners.

The third lane of the model outlines the components for the ‘to-be’ business model and architecture. This encompasses the applications that you will use, such as financial, document management, specialist applications and the like. It also defines the application integration requirements. What application will be the master for what data, and how will data be shared and validated?

The fourth lane outlines the tasks you need to complete to define your information inventory and management plan. What information does the business need? What is the current data quality rating? What information is seen as critical? How is information classified within the business? What are the reporting requirements and how will data and information be presented to the end user?

The fifth lane is the process for selecting the framework models you will use and how they need to be populated and managed. We have created a standard set of models we use. These models are used to visualise the framework. We use them to communicate the various components and methods.

**The Information Technology Layer**

This is a key enabling layer for the enterprise and comprises hardware, operating environments, networks, data storage and so on. They are the tools that determine how work will be done and where data and information will be stored and accessed. We start with the technology layer as it supports the majority of business processes and in many cases defines how things can and will be done.
For instance, you may have situations where your team can update data via their desktop, their smartphone or tablet. Most organisations now depend on anywhere, anytime, any device access to systems and information.

It has been our experience that larger organisations will have their technology architecture documented to some extent. The level and completeness of this type of documentation however is sometimes questionable. Smaller organisations tend to have limited documentation, if any all, and don't think they need it. They do not always see the initial value of having their technology structures defined and documented. That is until they are unable to recover data, have their first real disaster or encounter a lengthy business disruption.

Effective technology architecture defines the technical components or systems infrastructure necessary to support enterprise applications, security, connectivity and so forth. It provides the technical framework for how the various technical components are to be organised, deployed and supported.

The Realising-Success® enterprise model outlines the various elements that need to be documented. It provides a visual representation of how the technology layers are built and interact, including:

- the network layer
- servers and virtual machines
- operating environments
- infrastructure applications and standards
- enterprise applications
- security.

This information is then used to determine how the technology and application infrastructure currently supports the organisation’s operational processes and information requirements. It will also help to determine the end state and how the various elements and components contribute to the realisation of business benefits.
Following is an example of an enterprise model. We developed this model to communicate the various structural elements that come together to deliver the Strategic Performance Framework™. It is designed to fit on one page and visualise the various elements that enable and support the business.

The enabling layers contain the IT infrastructure, communications technologies and enterprise applications. Each enterprise and specialist application supports specific business processes. Each business process uses information from the business applications to manage and operate the business. And finally, it is people who ultimately drive performance.

It is important that the enterprise level model communicates the various interdependencies. Whilst you can break out each layer into the various components, it is only when you see a simple, visualised model such as this that people understand the business eco-system and level of complexity.
The Technical Reference Architecture

The technical reference architecture and application architecture documentation provides construction, standards and integration information for each of the elements detailed in the enterprise model. This level of detail is often daunting for most executive and management teams. As the saying goes – you can’t manage what you don’t know. However you should know what you are investing in and how it delivers value to the business.

The technical architect works in conjunction with the strategic performance architect, selected vendors and the Strategic Performance Framework™ team to assess and define the various applications, hardware components and integration requirements.

Key considerations for the various architecture teams are:

- Technical and operational standards
- Communications services
- Remote access
- Site connectivity
- Performance and optimisation
- Application delivery
- Interoperability
- Disruption and disaster recovery
- Agility
- Security
- Complexity
- Cost.

The technical reference architecture must support and enable the effective day to day operations of the organisation. It must also consider new technologies and capabilities which have the potential to enhance the business.
Core enabling attributes of the technical reference architecture must ensure that all technologies used are:

- Flexible and scalable
- Reliable and available
- Repeatable and standardised
- Cost effective
- Supportable
- Manageable
- Optimised
- Interoperable
- Drive business value and capability.

**Technical Architecture Complexity**

Technical architectures are complex due to the various types of equipment used, the varying specifications of that equipment and the number of technologies involved. Added to that is the interoperability and integration of the various technologies.

During the development of the baseline, the level of complexity was assessed by:

- defining the types and specifications of technologies in use
- determining the type and number of interfaces between technology components and any enterprise applications
- identifying where there is ambiguity and poor current build documentation
- assessing the dynamic nature of the organisation and how often changes are made.

This information allows a complexity model or table to be constructed so the team can determine how to minimise and manage the complexity and any associated risk. Unnecessary complexity should be designed-out where possible. This is where partner and vendor advice and input are invaluable, as they can help with the simplification of the technology layer. Balance is needed to ensure that simplification doesn't degrade quality, service or performance.
Building Agility into the Infrastructure

We have mentioned business agility a few times now. In these increasingly competitive, changing and economically challenging times every business needs to react and adapt to market and customer demand and changes. Agility means that all levels and enabling structures within the business can adapt quickly and smoothly and in a controlled fashion.

We believe the key to agility is architecting integrated systems, process, people and information. Investments must be made in technologies and practices that can adapt to the demand and requirements of the business. Scalability is key. Documenting your technical reference architecture will help you to plan the required levels of agility and performance, and how you can achieve it. The introduction of cloud based services provides a level of technical infrastructure agility and scalability which is not always possible with on premise hardware.

Although, when selecting cloud based services it is important to select the appropriate type of service – private or public, hosted or managed, single tenant or multi-tenant. These choices are not to be made lightly as they can impact performance, security and the business’s ability to operate effectively. When selecting a particular cloud based service, you will need to consider the impact on how people work and how processes and practices will need to change to accommodate the service provision.

ICT Network Diagrams

IT infrastructure network diagrams provide a graphical representation of the physical ICT network. These diagrams need to be detailed if they are to be useful. This example diagram is at a reasonably high level. You can immediately see this particular network has data centre services, two sites or locations, uses vendor managed voice services and uses a private cloud wide area network which provides a gateway to internet services. You can also see some of the devices that are supported.
More detailed diagrams will include the following:

- All physical sites and site addresses
- IP addressing
- Equipment type and model numbers
- Management systems
- Network and connectivity services
- Cloud and connection types
- Component products and applications.

To ensure that the infrastructure is modelled sufficiently we recommend completing models/diagrams for:

- the legacy or ‘as-is’ infrastructure
- cloud adoption and cloud types
- server virtualisation
- remote operations management (if applicable)
- unified communications diagram
• security management framework
• data centre diagram (if applicable)
• disaster and business interruption model (if applicable)
• the 'to‑be' architecture
• WAN including optimisation (if applicable)
• vendor services demarcation diagram
• security and intrusion management diagram.

This allows weaknesses, opportunities and risk to be clearly identified. It can also highlight where unnecessary costs can be removed.

**Data and Information Security**

According to Richard Reese in his book *I/T Architecture in Action*, “managing security for systems and data within an enterprise is a balancing act between providing access and barring access.” We agree. A Strategic Performance Framework™ should enable anywhere, anytime operations with appropriate access rights. Security should be driven by business requirements, defined roles and requirements.

During the review and documentation of the baseline phase, you should have captured current security products in use and the security practices in place. Any weaknesses or shortcomings of the current security strategy or practice should also have been exposed.

As you start to define the future state architecture, you will need to define the security framework using an approach that is adequate for your business. The recent spate of hack attacks on systems means you need to think about and define security at all levels of the architecture, infrastructure, network, applications, integrations and of course, the end user or consumer. Whilst security is typically the responsibility of the CIO or IT manager, we often recommend that expert advice is sought when it comes to security. Everyone in the organisation needs to be vigilant.
The definition of how IT infrastructure and data and information are secured both within and outside of the organisation is paramount to an effective security strategy. Most organisations use some form of security standard. The use of proven standards contributes to sustainable information management practices. There are a number of standards available for reference that may be useful for your architecture. We frequently use ISO 27002 as a core standard. The benefit of implementing a standard such as ISO 27002 is increased confidence in the organisation by customers and suppliers. They have confidence that an independently verifiable approach to data and information security is in place. As Alan Weiss says in his book *Process Consulting: How to Launch, Implement, and Conclude Successful Consulting Projects*, “the problem with accepting bad data is that it will ultimately cast doubt on all information.” This is so true.

With the increasing use of cloud based technologies and the dynamic nature of cloud services and mobile devices, enterprise security needs a paradigm shift. It was somewhat easier to secure systems when they were totally on premise, with cloud your approach has to adapt.

When implementing the Strategic Performance Framework™ security services are considered mandatory and the various architecture views must ensure that the loss of data is minimised. Unauthorised use of resources should also be prohibited. In all design and equipment deployment activities, the following security elements should be considered and delivered where relevant:

- Authentication
- Single sign on
- Trusted zones for web, third parties and hosted services
- Digital signatures
- Firewalls
- Encryption
- 24 x 7 intrusion detection
– Identity management
– Audit services
– User roles
– Local, remote and wireless access
– Detection of denial of service attacks.

**Enterprise Applications**

Most organisations have one or more core enterprise or legacy systems. Typically these are Enterprise Resource Planning (ERP), Customer Relationship Management (CRM), Product Data Management (PDM) or other specialised industry applications. Most modern enterprise applications are developed with ‘better practice’ in mind and offer elements of automation and integration.

We classify an enterprise level application as an application that has the following elements or features:

- The application provides a specific quality of service.
- It can handle large volumes of transactional data and manage large data stores.
- It can interface to or be integrated with other applications.
- Data structures are standard and defined.
- The application aligns and automates specific business processes such as Procurement and Equipment Management.

The fundamental reason why an organisation implements an enterprise level application or system is to manage information and automate and improve operational processes.

When an organisation purchases a generic enterprise application such as SAP, IFS or Dynamics AX, by default it acquires generic operational processes. There are pros and cons to this. The upside is that the application is proven (somewhat) and provides template based functionality across several business processes. The downside is that establishing and developing organisational capability which differentiates it from competitors is more difficult.
Before you implement any enterprise level application ensure that it captures and reports the information the business needs to make informed, timely decisions. The data can then be used to gain a greater level of insight into the overall performance of the business.

Remember the expert opinion experience we mentioned earlier? Understanding what you need and why is fundamental.

**PRACTICAL TIP**

When designing or introducing new enterprise level applications the overarching objective is to deliver agile systems that support the business requirement.

**Application Integration**

Application integration is almost mandatory in the interconnected world of work.

Today’s integration needs are complex, with increasing demand for not only on premise application integration but B2B, cloud and mobile devices. There are several methods that can be used to integrate applications, although there is no industry consensus on which is the better method. One thing is for sure, without following a planned and structured approach integrations can become complex, numerous and costly.

The Strategic Performance Framework™ sets out to define the guidelines for the implementation and interoperability of the various enterprise applications. Individual applications may change over time but the integration principles remain the same. If applied correctly it will ensure that systems, process, people and information are aligned to deliver the required business outcomes. As can be seen from the enterprise application model, each application has a role to play in the delivery of data and information relative to a specific element of the business.
Point to point type integrations often lead to difficulties and increased costs at the time of application upgrades or if table structure changes are made to databases. We believe that best practice application integration is based on the use of some form of middleware technologies such as an Enterprise Services Bus (ESB), or Platform as a Service (PaaS). This type of technology overcomes issues with differences in operating environments, databases and development languages. An ESB can be thought of as a mechanism that manages access to applications to provide a simple and consistent integration method.

The use of an ESB or PaaS provides a mechanism to connect, discover and access services regardless of how those services are implemented or deployed. It provides a standard connectivity approach as it supports multiple protocols and access methods. The ESB and PaaS environment is typically scalable and will operate across various hardware platforms. One important feature is that it is also capable of storing business rules for the use and transformation of data between applications. For example master data may need to be transported immediately between applications whereas general ledger postings may only need to be made at the end of a logical day or logical event sequence.

The following model shows a good use of an integration platform – master data management. It is one area of data and application integration that causes operational issues for most businesses.
As application use grows over time and as applications are purchased to address specific business issues, often little thought is given to how master data will be controlled. For instance, customer data can be captured, stored in and reported from a Customer Relationship Management system (CRM), an Enterprise Resource Planning system (ERP) or Health and Safety system (HSE). What is the cost of entering this data multiple times and maintaining consistency and data integrity?

Application integration is a key enabler and can improve data sharing and process cost.

As you work through the integration requirements and build plan, the architecture teams must ensure that all applications used are:

- Adaptable
- Flexible and scalable
- Reliable and available
- Repeatable and standardised where required
- Supportable
- Optimised
- Interoperable.

The operational processes supported by the enterprise applications must be:

- Adaptable
- Efficient and effective
- Manageable
- Optimised
- Value generating.

Adaptability is crucial for both the applications you use and the processes you put in place. If an application can’t be adapted easily, complacency can set in and there is a general belief that things are “too difficult” or “too expensive.” This results in opportunity being lost.
Consider a situation where you want to improve your inbound marketing processes and capability. It seems simple enough. But to do it you need to consider the various touch points and the impact of change. For example, your marketing content will need to be targeted to your selected audience. This means new formats, document management and so on. Your marketing process will need to be adapted to cater for a new way of working and managing a new type of sales funnel. The accounts receivable process will need to cater for on-line purchases and payments. These changes should be easy to implement and progress. But it is often not the case.

**The Data and Information Inventory**

Given its importance to the organisation, data should be treated as a highly utilised and valuable asset. This means you need to know:

- what you have
- where it is stored
- how it is created and validated
- what condition it’s in
- the value
- how it is used
- the level of utilisation
- who it is shared with
- its lifecycle.

Ask the question “does the right information get to the right people at the right time in the right format to provide insight and make quicker and better decisions?” If not, this is where the inventory can help identify the gaps and problem areas. These can then be addressed as part of the ‘to-be’ process and architecture.

The following diagram depicts a typical inventory in a mind map format. This format allows you to capture, communicate and validate information easily.
We have found that the use of mind maps is effective for capturing and communicating the application and information inventories. You can see from the example below, the ERP system supports general ledger, cash management and so on.
The information inventory is useful as it provides a usage profile, showing the types and information used and by what function or business activity.

The inventory can be used by the business as a baseline to improve operational processes, remove data and information duplication, enhance reporting services and improve data and information governance.

Some of the key information sources within the business are:

- Enterprise systems
- Manual forms and documents
- Electronic forms and documents
- Intranet and internet
- Audit and evidentiary materials
- Social and professional networks
- Customers and suppliers
- Mobile applications.

Once the mapping process is complete, classification and usage can be better understood. Metadata (data about data) can be useful for working through this challenging process and forming an information management plan. Information to be captured includes:

- information class
- data and system owner
- presentation method
- criticality rating
- application used to generate and store
- confidentiality rating.

Also determine if:

- privacy requirements and obligations are defined and can be met
- security for each data class is established and can be maintained
- confidentiality is managed
- legal privilege is protected.
From this, information and reporting requirements can be captured and prioritised (what must be forecasted and reviewed) and the frequency (real-time, daily, weekly, monthly) can be identified.

Once the information inventory is complete it is used to form the basis of the information management plan.

We are often asked why we stress the importance of developing an information management plan. Simply because we see it as the bedrock for so many business activities. If the data and information the business uses is incomplete, incorrect, too difficult to access and time consuming to process the efficiency and effectiveness of the whole business is impacted.

**Data Quality**

Once the information inventory is complete it is prudent to assess data quality. If data quality is not of an acceptable standard, we recommend that the organisation undertakes a data quality/cleansing exercise. Information is the lifeblood of the organisation. Information is generated from so many sources and is used in so many ways. The organisation needs to be able to have confidence in the data and information that it is using.

As data integrity and quality is paramount, we tend to use the following data assessment criteria as a reference, to ensure that trusted data and information are the foundation for all decision making.

**Fit for Purpose Data Test**

All data needs to be tested to ensure that it is fit for purpose, this means it should be:

- Reliable
- Accurate
- Consistent
- Targeted to the audience
- Easily shared
- Reused or repurposed where possible.
Accessibility

Accessibility of data and information is critical for the efficiency and effectiveness of the business. There are a number of considerations we apply for data and information accessibility.

- It must be available as and when required (timely and relevant).
- All data must be subject to security and privacy rules (governed).
- All data and information must be easy to find, access and use (search ability).
- Self-service must be designed into all enterprise applications and operational processes (usability and analytics).
- Data must be able to be extracted from enterprise applications, transformed easily and be able to be loaded into other applications as and when required (extract, transform and load – ETL).

Reporting

- There must be an agreed standard for all corporate and enterprise level system reporting.
- Structured data queries and reports are to be validated where they are used for decision making.
- Performance metrics are to be defined and agreed. Ideally, all performance metrics will be published to the intranet if one exists.

Governance

- The executive team is responsible for the oversight of enterprise, IT and governance.
- The CIO or equivalent has day to day responsibility for all IT and information management governance.
- Business unit managers are responsible for data quality, accuracy and integrity.
Data Audit
Data and information audits are typically performed as part of a broader audit process. There are several audit frameworks you can use to help define what your audit process needs to be. There are a number of benefits that result from completing a regular data and information audit, including to:

- identify and understand what data and information assets the business captures, stores, uses and shares
- address regulatory and compliance requirements
- identify gaps and risk, such as relevance
- plan and action reuse and sharing
- drive performance and benefits realisation.

Alignment
Once the inventory is documented, an assessment is to be completed to determine what data and information the organisation needs to achieve its strategic objectives and identify any obvious gaps.

Master Data Management
We have touched on the importance of managing master data several times already. The Strategic Performance Framework™ helps drive standards and integration of shared information environments. Having these enablers in place removes some of the frustration often associated with master data management and application integration projects.

Master data is a key business asset, controlling information relating to customers, suppliers, plant and equipment, products and services, pricing and so on. High quality master data is required for effective operations, application integration, decision-making and planning. All data errors have a flow on effect. Errors in customer data for example can result in billing issues, which in turn impact cash management, which in turn impacts performance.
How master data is created depends on the company’s business rules, operational processes and information architecture. Master data creation and maintenance should be approved by the nominated systems or data owner prior to any changes being made.

To improve the management of master data, aim for establishing a single source of the truth. This means having one system as the master for both master and reference data, using application integration to automate dissemination and updates.

- Identify the authoritative sources and approvers of master data.
- Identify the producers and consumers.
- Appoint data owners.
- Manage and measure data quality.

**Privacy Guidelines**

Depending on the country and region that you are working in, privacy regulation requirements need to be considered and applied.

In Australia the national privacy principles contained in the Commonwealth Act are used. The national privacy principles outline how information, particularly personal information, can be used. Under this requirement the following privacy principles are to be applied to the collection, use and storage of personal information.

Further information relating to the privacy principles can be found at www.privacy.gov.au.

1. Only collect information that is necessary.
2. Do not collect personal information about an individual just because you think that information may come in handy later.
3. Tell people what you are going to do with the personal information you collect about them.
4. Consider whether you should be using personal information for a particular purpose.
5. Consider whether you need to disclose personal information.
6. If people ask, give them access to the personal information you hold about them.
7. Keep personal information secure.
8. Don’t keep information you no longer need or are no longer required to retain.
9. Keep personal information accurate and up to date.
10. Consider making someone in your organisation responsible for privacy.

**Protection of Confidential Information**

Confidential information can take many forms. It can range from customer master data to transactional data to unstructured documents. Confidential information needs to be managed differently to other information types as it typically has limited access and distribution. Most confidential data and information is governed by confidentiality agreements or deed documents. The implication of a breach of these types of agreements can be serious and expensive.

Confidential information typically has commercial value, because it is not generally accessible and has a limited audience.

When completing the information inventory, confidential information should be clearly identified. Associated security and management processes and methods should be defined and communicated.

**Information Management – Structured and Unstructured**

Timely and accurate data and information delivery enables business agility and supports operational business processes. Therefore information management becomes the responsibility of every person within the organisation.

The objectives are:

- to ensure people have timely access to data and information
- improved data accuracy and integrity
- enhanced collaboration and information sharing
- to enable the organisation's strategic objectives through the use of information
- to create information environments in a manner that encourages people to use them and to support decision making.

Information is often classified into two main categories, structured and unstructured. Structured data is typically transactional based data that is managed and controlled within formal enterprise applications and databases. Unstructured data is typically classed as text documents, spreadsheets and the like.

The Strategic Performance Framework™ defines the information systems required by the business to meet current and future needs. It also provides a vital step towards the development of a coherent, integrated environment for managing and delivering information to support the various business activities.

No doubt a number of models and artefacts will be developed as part of the end state architecture definition, remember these too are information to be managed.

**Information Lifecycle**

All data and information has a useful life, or in other words a defined lifecycle. The lifecycle will vary depending on the type of information and how it is classified and used within the business. The team must take the information lifecycle into consideration when:

- making process changes
- designing new applications
- planning application integrations
- developing reporting services.

We have outlined a typical lifecycle in the following model.
Information lifecycle management may not be the most interesting of subjects and activities, but understanding how it can be used to benefit the business is important. It forms an integral part of the information management plan. For those organisations that provide capital, or major works or project services, the information lifecycle is incredibly important – especially when engineering drawing revisions and project deliverables need to be defined and controlled.

So as you can see, information supports multiple business activities and processes including strategy and planning, general operations and decision making. It holds the intelligence the business needs to drive revenue and growth opportunities, manage costs and productivity, improve cash flow and increase value. So whilst it may not be the most riveting of subjects, it is a key enabler of the business.

The Journal of Management Excellence, published by Oracle in 2010, highlighted four factors that are seen as core to determining information value:
– Relevance (to the consumer)
– Exclusivity (by the provider)
– Processing (IT capability)
– Channel (information distribution).

Data and information architectures need to consider how data and information will be used both within and outside of the enterprise.

Over the years we have seen some tremendous benefits achieved by businesses which made the effort to manage their information inventory. One organisation had visibility of where an invoice was in its customers’ payment cycle, allowing it to produce an enduring and repeatable cash flow forecast. Another organisation was able to automate and tailor its quoting process by selectively using information from multiple systems. The result was a substantial reduction in quoting times and the quoting process required less person hours to complete.

On one project a client asked for help to solve a particular problem: its workforce was ageing, the average age was 50. Within ten to fifteen years the workforce would retire and the retirees would take the business insight and knowledge with them. The corporate ‘know-how’ and ‘know-why’ was stored in people’s heads and information was stored in multiple systems in departmental silos.

So in conjunction with the CEO and the commercial services team we set about defining a transition plan that would build and implement a corporate knowledge base. The really interesting thing was the level of buy-in we achieved from the workforce. They were keen to contribute and share what they knew. Another great outcome of this initiative was the formation of an alumni programme. This provided an opportunity for retirees to stay in contact with the organisation, but most importantly with members of the graduate programme. This project not only sorted the enterprise knowledge management issue, it also cemented a culture of collaboration.
CHAPTER 12
Going Digital

Understanding what information you have, and what information you use will stand you in good stead. The world of information is changing. Businesses, regardless of size, have increasingly connected employees, customers, suppliers, automated processes and on-demand analytics. The volume of business being conducted electronically is growing exponentially. The growth in data and information means that businesses need to find new ways of storing, accessing and gaining insights from the information they have available.

We are seeing a societal transformation in the use of all things digital. Just think about how you used to do your banking compared to how you do it now. Cheques have almost become a thing of the past, replaced by electronic payments. Airline bookings and hotel accommodation bookings, once the domain of travel agents, are now as easy as clicking the lowest-rate offer on a website. Product and service offerings can easily and quickly be compared to that of competitors by using a few clicks. Marketing brochures are now on-line and downloadable, reducing the need for hard copy printing. Vehicle engine management systems are capturing and transmitting data that enables preventative maintenance processes and improved safety. These are just a few examples – no doubt you have your own.

It has been our experience that few boards and executive teams understand the systems, processes and information they currently have, let alone how to implement and manage the new methods and channels needed to implement a successful digital strategy and improve performance. So if one of your strategies is to increase your digital strategy and social media presence, you need to look at the best social media tools to use, as not all of them will be relevant. Maintaining social communities and practices can be problematic if you don't have a plan
for what and how you want to communicate. You also need to consider how these new channels fit with your existing systems, processes and information flows.

There are a lot of new tools which can help you automate your social media feeds. These tools can manage a publishing calendar and release content to a schedule. There are also tools to automate your blog posts and publish them to several social media channels at the same time.

All this leads us to the fact that businesses today must prepare for greater and different levels of engagement with prospective and existing customers, with consistent branding. To do this, you need to define and plan how these new requirements are integrated into the existing operations and deliver value. Depending on how you use these tools you also need to consider the interplay that will be needed with the existing IT architecture and capability. Organisations need to appreciate that using social media changes the network of information they generate and consume. Adaptability to new ways of doing things is crucial for a business that wants to remain or be competitive. Customers no longer rely purely on the information you provide to do an assessment of your company, its products or services. They do their own assessment in their own way.

These new digital technologies and ways of doing things also need people to manage them. People to plan, implement and drive the initiatives. New roles such as data scientist are being created to strategise and deliver digital programme outcomes. These new roles change the skills and capability landscape.

We suggest that new roles, skills and competencies are not introduced unless you clearly understand what you want to achieve. There is nothing worse than making a bad hire. It can be a costly exercise. Take time to really work out what you need and what you want these roles to do.
Not all businesses are hiring new roles. We are starting to see the role of the chief financial officer (CFO) morph from being a pure financial and reporting function to that of strategic change and performance agent. A number of our clients have made this transition and with great results. The CFO ‘change agent’ has to contend with driving performance improvement, managing cash, leveraging organisational capability and driving value.

The CFO also has to contend with broader organisational complexity. This ranges from the number of business activities, interdependencies, reporting and audit requirements, how funding is managed to the number of stakeholders and conflicting priorities. How the business plans, creates and delivers real time information from an enterprise perspective is now part of the CFO’s challenge.

Luckily for the average CFO, finance transactional systems are an area that really hasn’t changed much over the last decade. That’s the easy part. CFOs now need to manage the increase in digital technologies and practices.

These digital technologies and practices include social technologies. As social technologies are a fairly recent phenomenon, we still see organisations struggle with their use and management. To better plan, implement and manage social media activities we recommend that they form part of the information management plan. This ensures that any social media use is covered by existing governance processes and controls. All too often we hear businesses say that they use social media, but don’t have adequate oversight as they don’t fully understand how to use them effectively.

The following model identifies some of the more popular social media tools.
Technical Collaboration & Development
- Shared Knowledge Base
- Lessons Learned
- Communities of Practice
- Link Knowledge and justify

Professional Networks
- On-Line Profiles
- Project Management - Colleagues
- Meetings where invitations required

Monitoring the Brand
- Monitoring the Industry
- Raising awareness
- Investor/Company news

Industry Groups
- Company Information
- Employee Groups
- Common Interest Groups
- Crisis Communication
- Mobilisation
- Career Awareness

Gather Knowledge
Share Knowledge

Video Communication
- Approved Audience
- Chat
- File-Transfer

Newsletter
- Project Findings and Knowledge

Video
- Video Research
- Video Marketing

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Whilst the applications provide the tools, you need to plan and manage the content that is communicated and shared via the platforms used. A content management plan will provide the guidelines for what tools are used, what is published, the publishing calendar and how feedback will be managed. As these tools are in reality another business enabler, you need to define how you will use them and monitor performance.

There are a number of benefits to using social media. In fact some businesses are turning to using Facebook rather than having a web site. Amongst other things, the use of social media technologies can assist with addressing challenges such as:

- Leveraging employee skills
- Issue resolution
- Making information and knowledge more widely available to the organisation
- Providing a mechanism for collaboration
- Providing information on the organisation’s service capability
- Building thought leadership.

Social media is not simply one way communication, it is networked communication and what can start off as an interaction between two parties can very quickly become viral. How will feedback from the various social media channels be managed? Do you have the operational processes and assigned responsibilities in place? There are numerous examples of organisations which have poorly managed social media channels. The executive and management team needs to determine how it will use the technologies to improve revenue, customer experience and thought leadership.

Clearly understand the return on investment of using these tools.
Here are a few digital and social media points to consider:

- How can you improve customer attraction, retention and satisfaction by using digital media?
- What tools are best suited to your organisation?
- How is content prepared and consumed?
- Who is the target consumer?
- How can these tools assist with brand development and promotion?
- What operational processes are impacted and how can they be enhanced?
- Who will be responsible for content generation, approval and management?
- Where will content be stored?
- How can content be repurposed?
- What is the return on investment?

**PRACTICAL TIPS**

- Develop a content management plan.
- Select only the most relevant tools.
- Monitor, manage and adjust the usage strategy.
- Develop a social media policy.
CHAPTER 13
Building Capability

Regardless of size, all businesses have specific capabilities. The capabilities you need as a start-up business will differ from those of a larger organisations and multinational businesses. As a start-up you can do with as little as one person with a mobile phone, laptop, printer using cloud based applications and storage. The needs change as the organisation evolves. People capability is one of the more difficult areas to get right and sustain, especially if staff turnover is high.

Using a strategic performance framework such as Realising Success® will help you identify the questions to ask as part of the capability assessment. The table below outlines some of the more common ones.

| The Vision          | • Can we articulate the strategy?  
|                    | • What does the organisation of the future look like?  
|                    | • What does the to-be state look like?  
|                    | • Why do we want to do this?  
|                    | • Can we do what we want and more importantly, need to do?  
| The Baseline       | • Do we have the right team in place?  
|                    | • Does the team have the capabilities required to get to the proposed to-be state?  
|                    | • What additional skills or capability will we need?  
|                    | • Will we be able to attract and retain the required skills and capability?  
|                    | • Do we have the right mindset to achieve the to-be state?  
|                    | • Can we interpret KPIs and convert them to action items?  
|                    | • What performance measures are required?  
|                    | • Are there shared KPIs across the organisation?  
|                    | • What improvement ideas are we working on that can be incorporated into the Strategic Performance Framework™?
Defining the Architecture

- What do we need to do to get to the to-be state?
- What projects or initiatives need to be established and managed?
- What are the systems, process, people and information components?
- Do we have the skills to design, plan, manage and execute the various initiatives?
- Can we articulate and manage the execution plan?
- Will the current team get us to where we want to be?

Realising Success

- How do we plan to review and monitor progress?
- What does success look like?
- How do we transition the organisation to business performance?
- How do we develop new sources of value?

Answering these types of questions, plus any others that are relevant can help you articulate what needs to be done and identify shortcomings or gaps.

One way to gain clarity on what the organisation does is to develop a capability map. A capability map is a visual representation of what the organisation does. It outlines what the organisation does, not how it does it or who in the organisation is responsible for the activity. It only contains information on what is done, not how or why. If several departments complete the same activity, the activity appears on the map only once. The level of detail can vary and needs to be tailored to your project and the area that you want to focus on.

It is important that you understand and can articulate how each activity will contribute to the delivery of the strategy.
Typically, as we work through the capability assessment and building processes, there is one general observation. It is unlikely that the strategies, systems, processes and team that got the organisation to where it is today will get it to where it wants to be in the future.

Once the base model is complete, you can classify or segment it in ways that make sense to your particular business. The segmentation can include those capabilities that enable strategy execution and planning, those that are customer facing and those that deliver value.

**Team Capability**

Building team capability always starts with having an effective hiring process in place. If you hire the best you want to make sure that they stay that way.

When building or implementing transactional systems capability you need systems, processes and people that are concerned with what is factual rather than speculative. They need to be able to break things down into logical components to see how they work and how they fit together. These roles often operate from the A quadrant of the HBDI model.

![HBDI Model](reference.png)

Reference: [www.hbdi.com](http://www.hbdi.com)

The finance and reporting processes must be objective rather than subjective. You need to aim for instruction to be definitive with obscurity and ambiguity removed. The types of people attracted to these functions typically like working with numbers and complex data sets.
They like solving problems and are orientated to numerical relationships. Hiring someone, for these roles, who is numerically challenged and is highly creative and emotional may lead to some very challenging interactions.

As the business grows and evolves you need people who can process transactions, service customers and execute the strategy at a detailed level. In HBDI terms these people typically operate from the B quadrant and are often the doers of the organisation.

Reference: www.hbdi.com

They are practical and disposed to doing things. They bring a sense of order, dealing with one thing after another. They tenaciously stick to a task until it’s completed. Process driven people are usually punctual and concerned with meeting deadlines. Structure is important to them, as is operating within set boundaries. That’s why they like policies and procedures so much. Operational and transactional processes demand attention to detail. This is where B quadrant people excel. They are the people who organise how and when things get done.

To realise growth through revenue you need marketing and sales capability. You need people who can take the strategy and then conceptualise how it can be achieved. You need an element of creativity that helps the broader organisation put things together in new ways or can help define new products and services. In HBDI terms these people typically operate from the D quadrant and are often the entrepreneur and creative types of the organisation.
This is an area where you need some risk takers, people who are willing to take chances and are interested in discovering what customers need. You need people who can work on more than one thing at once, yet at the same time see the big picture and understand how all the parts interconnect to form the whole.

Earlier we mentioned that you need to encourage and drive the right behaviours at all levels of the organisation. You need people who can encourage others within the organisation to develop and maintain relationships. In HBDI terms these people typically operate from the C quadrant and are often people focussed.

People need to be responsive and willing to get involved. They need to be helpful, rather than setting others up for failure. Everyone needs to be receptive to suggestions and new ways of doing things. It’s rewarding to see a truly cooperative environment where teams willingly work towards a common purpose or outcome. This can only be achieved through a shared vision.
Last year we worked with an organisation on remediating a large enterprise system. Once the system fixes had been applied, end to end testing was needed. This meant that different parts of the organisation needed to test the various functions of the system, yet it had to be tested as an end to end process. The user acceptance testing was completed by cross functional teams working together to ensure that master data was established, transactional data was sequenced correctly and all of the financial postings were correct.

The user acceptance testing process not only confirmed that the system was working as specified and required, it also created a new level of cooperation within the organisation. People helped and supported others as needed. Teams supported other teams. They all had the end goal in sight.

The businesses leadership team needs to be aware of, and make allowance for, the time commitment required to design, build and transform the organisation. It also needs to foster a collaborative environment. Price & Keller, in their book *Beyond Performance: How great Organizations Build Ultimate Competitive Advantage*, note 70 per cent of change projects fail due to unproductive management behaviour and unhelpful employee attitudes. That is quite an alarming statistic.

This is why we believe a Strategic Performance Framework™ can assist the organisation to develop and build capability. In addition to building capability it helps to have everyone on the same page. People must understand what the end state vision is and their role in helping to achieve it.
Process Capability

Completing the baseline and defining the to-be state will provide you with the information you need to determine the organisation’s current and future capabilities. Completing some form of capability model will take that one step further. This is where you will see that specific capabilities will map to technology, application and information resources. Capabilities can be enhanced by leveraging the better practices inherent in some enterprise level applications such as enterprise resource planning and HR or payroll systems.

Reviewing current and future process capability provides the opportunity for open discussion with the various business activities to define where transformation can take place, how processes can be optimised to deliver exceptional value and what resources are required.

PRACTICAL TIPS

- Develop and encourage the right behaviours.
- The project will move from being Art (creating something) to Science (measuring something).
- Don’t under estimate the need for change management.
- Continually assess how the various elements are impacted by implementation tasks.
- Communicate WHAT you are doing and WHY you are doing it.
- Communicate! Communicate! Communicate!
CHAPTER 14
Phase 3 Implementing the Strategic Performance Framework™

The implementation is often described as the pointy end of the project. All structures, artefacts and models are finalised and approved for implementation by the business. The outcomes and ways to measure progress have been agreed and change management and transformation processes have been put in place.

© Realising-Potential Pty Ltd – The Implementation

The implementation phase is the core delivery piece for strategic performance. This is the point where the Strategic Performance Architect brings all the pieces together, the systems and technology, optimised operational processes, people capability and managed information.
It is during this phase more so than others that you will find issues and challenges you hadn’t encountered before or planned to encounter. This is where experience and judgement come into play as these determine how the issues and challenges are managed. It is also where stakeholder management becomes important. The disruption experienced at this stage can unsettle the executive team, as they grapple with the changing organisation and the assignment of resources to the project that, they say, they cannot always spare.

The Strategic Performance Architect takes all of this in his or her stride and focuses everyone on the strategic objectives and the commitments that have been made.

This is also the phase where you find out who has done what they were supposed to do, and who hasn’t. You work through the issues and manage the risk.

The implementation phase involves coordinating many teams and activities, which often run in parallel. Emotions can run high. The focus is on the end date and future state vision. If the project doesn’t have an end date it is not a project, it has become a way of life.

At this stage it’s all about positioning the business for the future, whether that is tomorrow, next week, next year or the next decade.

The fourth stream of the implementation process is Review & Monitor, making sure the enabling technologies and processes you have put in place are performing as planned and expected.

Remember, the Strategic Performance Framework™ is not set in stone, it is meant to be an evolving process. As the business changes, the performance architecture should be adapted to ensure it continues to provide the enabling structures described throughout this book. This is where using a project management plan is beneficial for tracking tasks, resources cost, issues and risk.
The review and monitor activity should be undertaken at least quarterly. Models and artefacts should form an integral part of the organisation's knowledge base.

A key component of the implementation phase is change management. The Strategic Performance Framework™ enables business transformation in stages. It is up to you as to how you use it. However we suggest that your transformation and change management needs to be practical and not simply based on a theoretical model that will not get results. We find some businesses are jaded when it comes to change management, as in the past they have found it to be expensive and poorly executed. It is seen as an unnecessary overhead, but in our opinion this is a poor view to take.

There are a number of change management tools that are readily available, if you want to use them. You may have a preference. The key is to find one that is useful and practical.

A successful Strategic Performance Framework™ implementation requires multiple initiatives to be undertaken concurrently. The implementation plan should identify any quick wins that can be achieved to build credibility and demonstrate progress.

Ideally, change management activities should be planned and managed in a way that ensures project momentum and buy-in. Managing behavioural and mind-set change so everyone is focussed on performance is critical. Without it the project may stall or flounder.

As with all projects communication is vital.

Documents and artefacts produced as part of the various stages of the Strategic Performance Framework™ can be used to support the change management initiative.

The importance of good change management can't be overstated. It is a great opportunity for garnering buy-in and momentum. The organisational mindset change to have everyone think at an enterprise level is critical.
Change management is all about communication. It helps tell and explain the transition story and helps people understand the business drivers underpinning the project. It helps the broader business and key stakeholders understand the impact of the change.

The table below details some of the change management activities typically associated with a Strategic Performance Framework™ implementation. Of course, these activities will vary depending on the scope of the project.
### The Vision
- Define and address both short and long term issues under the Strategic Performance Framework™ process streams:
  - the baseline
  - organisational structures
  - defining the architecture
  - the implementation
  - joining the dots.
- Document the strategic objectives and communicate them across the organisation.
- Define and communicate the vision.

### The Baseline
- Set a performance baseline for:
  - systems
  - process
  - people
  - information
  - capability.
- Engage with and get to know stakeholders across the organisation.
- Define communication requirements.

### Defining the Architecture
- Include tasks and activities that help develop the required mind-set and behavioural change.
- Conduct small discussion groups and workshops to garner buy-in, listen to issues and frustrations and communicate progress.

### Implement
- Communicate, communicate, communicate.
- Be relentless in tracking and monitoring progress.
- Differentiate between short term and permanent changes in systems, process, roles and responsibilities and management reporting.
- Allow for joint decision making (styles and time/duration).
- Create a safe environment for trying new methods.

### Realising Success
- Develop continuous improvement capabilities.
- Provide incentives to encourage participation and contribution.
- Assess maturity and make any necessary adjustments.
- Manage performance.
Some of the practical elements you have the opportunity to build into your change management practice include:

- change strategy
- stakeholder communication and management plan
- impact analysis
- defined roles and responsibilities
- dispute resolution
- training needs and delivery plan
- transition plan and models
- communication plan
- readiness assessment.

**PRACTICAL TIPS**

- Ensure the architecture allows for the enterprise to scale (up and down).

- Ensure the Strategic Performance Framework™ can be managed by the business on an ongoing basis post implementation.

- Continually assess how the Strategic Performance Framework™ can improve and support business performance.

- Demonstrate the link between the business enablers and the strategy.
CHAPTER 15

Measures of Success

There are numerous ways how you can measure effectiveness. The measures of success you use must be relevant to you and your particular project or initiative. In this chapter we have outlined some of the areas where we see benefits realisation from using the Strategic Performance Framework™. No doubt, you will also have some of your own. Below are some of them, in no particular order.

Revenue and Cost
The performance framework has a commercial outcome and value focus. Value in our terms must have a positive impact on cash flow. Cash flow has two key elements, revenue (or some type of other income), and cost (or other type of liability).

Leadership and Management
Good outcomes need to be guided and driven by effective leadership and management and achievable strategy. Strategies may include:

• market and revenue growth
• investment and funding
• competitiveness
• positioning
• market change
• agility.

Customer Satisfaction
We term this as customer satisfaction, but it can equally apply to shareholder satisfaction. If customer and/or shareholder satisfaction is achieved it typically has a number of positive attributes associated, such as revenue, investment and relationships.

Mapped and Optimised Processes
Mapping and optimising processes provide the opportunity to understand what the business does and how well it does it.
**Known and Documented Business Architecture**

As with mapping and optimising operational processes, documenting the elements of the total business architecture communicates and provides visibility of the enabling structures of the business. These models provide tremendous benefit when you come to make further changes. You can immediately assess the impact. This exercise alone has prevented numerous businesses making poor investment decisions.

**Appropriate and Integrated Enterprise Applications**

As operational processes are supported by specific applications, making sure applications are fit for purpose is vital. Ensuring that they are integrated where necessary, so at a minimum master data is shared and standardised, is equally important. This step alone drastically improves the level of data and information quality. The amount of time required to keep data within the various applications in synch is reduced and reporting outputs are consistent. Which in basic terms means the customer name and address in the ERP system are the same as in the CRM system.

**Information in One Place**

Having all of the process maps, models and other guiding documents in one place ensures that information and knowledge about the supporting structures of the organisation is readily available to whoever needs it. This information provides a great level of understanding of the impact of any future change. It also means that information and knowledge is not silo based.

**Skills and Capabilities**

Completing the skills and capability review and analysis will provide a greater understanding of what you currently have in place and what you need to support the ‘to-be’ or ‘future state’ organisation. When mapped correctly the information provides great insight into the utilisation of skills, resources and assets.
The wrong hiring and placement of skills and capability can have a detrimental impact on performance and the end result. Capability assessment, planning and alignment are becoming increasingly more evident in mid to large organisations.

**Compliance and Standards**

As the Strategic Performance Framework™ has a focus on governance and standards, compliance becomes easier to manage and incorporate.

**Vendor and Partner Performance**

This is an area that is often overlooked as it is seen as being an external impact. Nothing could be further from the truth. The engagement of vendors and partners can lead to tremendous benefits, particularly if you have specific targets and outcomes you need to meet or if you are looking for innovative and cost effective solutions.

**Continuous Improvement**

Business transition and change is an ongoing process. You now have the tools to drive continuous improvement and collaboration. In almost all instances where we have introduced Realising Success® the project has delivered reduced reporting days, optimised processes, improved cash flow, improved reporting and analytics and improved asset utilisation.

**Communication**

The visualisation of models and diagrams communicates current and future states and ensures that everyone is on the same page. It provides a level of understanding that is more difficult to obtain by using text based documents only.

Conducting daily and other regular meetings ensures people have the opportunity to provide status updates, ask for assistance or share other relevant information. It ensures that there is an outcomes focus to all activities.
Alignment
The alignment process is one that some organisations see as too hard and in some instances unnecessary. If alignment is planned and managed as part of the project then it becomes second nature. Technology, process, people capability and information sources, when aligned, will enable the business to enhance, develop and defend its differentiators.

Risk Management
Every project contains an element of risk. Using the Strategic Performance Framework™ helps identify, classify and mitigate risk as you progress through each phase. The use of checklists and issue registers ensures that all risks are known, visible and have a management plan.

Opportunity and Innovation
When envisioning the future state of the organisation and deciding on the enablers to be used, an emphasis on better practice and improved capability drives innovation and opportunity.

Data and Information Quality
As a result of the review, cleansing and integration activities that happen as part of the project the following improvements are realised:

- Reliable
- Accurate
- Consistent
- Targeted to the audience
- Easily shared
- Reused where possible.
Improved Systems Quality
As there is an emphasis on best fit, integrated enterprise applications, standards, aligned technologies and better practice, we find the following systems quality benefits are realised consistently:

– Reliability
– Agility
– Performance
– Usability
– Availability.

Business Performance
This is the fundamental reason a business uses a Strategic Performance Framework™. Key improvements are:

– Improved cash flow
– Return on Investment
– Improved asset and resource allocation and utilisation
– Expanded markets or capability
– Efficiency
– Effectiveness
– Achievement of strategic objectives.

The following model is useful to communicate where the organisation has come from, where it currently is and finally where it plans to be. It is a particularly valuable positioning model.

The left hand column details the historical state of the organisation. The centre column defines the current position and the right hand column defines the desired future state.
THE PAST
- Poor Governance
- No Strategic Alignment
- Low levels of collaboration
- Ad-hoc projects
- I.T. Responsible for projects
- No focus on data integrity or quality
- Reactive responses
- Poor asset optimisation
- Differentiators not defined

THE PRESENT
- Governance framework defined
- Alignment points identified
- Enterprise focus
- Projects aligned to strategy
- Business responsible for projects
- Data integrity and quality
- Targetted activity
- Asset optimisation

THE FUTURE
- Effective Governance
- Continual Alignment
- End to End Focus
- Benefits realisation
- Project over sight
- Data insight
- Tailored Responses
- Asset optimisation
- Differentiators realised

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CHAPTER 16
Alignment and On-Going Performance Management

At this stage, it is all about making sure that the strategic intent and implementation plan are communicated, understood and working. The executive and other leaders must ensure that the messages they want to communicate are clear and that they are delivered in the right way. The messages must highlight what is important and not just create more noise and distraction. How the organisational goals and objectives will be realised by the strategy needs to be understood by all. Where necessary people should undergo training so they understand what is expected.

This is where three key C-suite roles or equivalent, are crucial: the chief financial officer for alignment of the systems of record (ERP), the chief marketing officer for the alignment of the systems of experience (website) and the chief operating officer for the alignment of operational processes (workflow).

People must understand how to use the tools that are available to them. They must be able to configure and adapt what they do and how they do it to improve the value chain and ultimately deliver value to the customer. They need to make the organisation’s objectives a reality. To do that the team must look at the organisation as a whole and not just the sum of its parts, although each part has a very vital role to play. They need to do all of this without being distracted by the million other things that arise on a daily basis.

Alignment is about empowering people to do what they need to do. There is a saying by Confucius, “tell me and I will forget; show me and I will remember; involve me and I will understand.” We have seen some fantastic outcomes driven by teams that have been empowered. Empowered people can be a great point of differentiation, especially in
businesses where the product or service offering is seen as a commodity and bought on price alone. When people have input into how things are done and work in conjunction with set values and guiding principles, it garners a greater sense of ownership and trust. The alignment of accountability with responsibility can be formidable.

Targeting and achieving quick wins builds momentum and motivation. Determine the priorities and focus the team on these. When the strategy is communicated and executed well, with the right behaviours and attitudes, it starts to build and drive a performance culture.

Building a collaborative environment with shared KPIs and performance measures will help overcome operational silos. When KPIs are shared across an organisation, instead of being departmental or activity based, everyone tends to work towards the common goal. You have to watch for the tipping point of bureaucracy setting in.

Throughout the book, we have talked about the importance of people, process, systems and information. The organisations that have alignment working well strike a balance between process and people. People need to have input to define the best way to deliver products and services, and processes need to be modelled to ensure they are efficient, effective and most of all driving value. This is where a good process modelling tool can be of enormous benefit. It can quickly help you understand and visualise how things are done, what systems are used and most importantly the impact of any change.

As you will have seen, we typically use several models to communicate how the various elements come together and align to deliver the required performance and capability. The first is a strategy map. A model made popular by Kaplan and Norton. This can be complimented with a tree structure to clearly articulate the strategies to be realised and the plan for achieving them. It can also describe the various priorities. When models are used in this way you have a plan that is actionable.
This is an example of a model we use. It becomes a strategy on a page.

© Realising-Potential Pty Ltd – Strategic Information Linkages Model (adapted from Kaplan and Norton)
Without appropriate alignment, the organisational strategy will rarely be fully achieved. As we have stated previously, leadership (vision and values) and management (performance and monitoring) in the right doses are what delivers commercial outcomes.

To enable good performance and commercial outcomes, the key business enablers must be usable. People must see them as an integral way of how they get the job done. If not, you will find that they set up their own systems and ways of doing things. You are then back where you started – disparate systems, silo based operations and no alignment.

The alignment process must ultimately focus on the customer, as everything the organisation does exists to service customers. Products and services should be tailored to customer needs where it makes economic sense to do so. When products and services are tailored to customer needs and the customer perceives and understands that value, price becomes less of an issue. The price simply becomes a function of value.

The various phases of Realising Success® help distinguish it from others, as it helps you improve visibility, competency and capability in a stage gated approach. It provides a starting point so you don’t have to reinvent the wheel or feel overwhelmed by what has to be done. It grounds the business in its own world to drive better practice. Notice the term ‘better practice’, we tend to use that a lot. In our opinion best practice forces a focus on your competitors’ world. Trying to emulate others doesn’t lead to success, focussing on your own better practice and capability can.

**Analysing Performance**

Analysing organisational performance can help identify what is working well and what is not. It can help to determine patterns in the information and large data sets that you have available. From this you can determine the steps you need to take to be agile and responsive.
As we have mentioned in earlier, businesses are having to deal with increasing volumes of data and information. The Strategic Performance Architect needs to continually appraise and apply tools and techniques that will continue to deliver commercially focussed outcomes for the business.

As the term ‘big data’ is becoming used more as part of the organisational vocabulary, there is an emphasis on what data is collected and how it is used. As increasing amounts of data are being captured by applications, equipment controllers and sensors, thought needs to be given to how it is used to deliver value and improved performance.

Using technologies such as SAP ‑ HANA that deliver in-memory processing enables the presentation of large, complex data sets in real time from multiple sources. Combine these types of technologies with intuitive end user visualisation tools and it puts data availability and analysis into the hands of the end user in real time This reduces the demand for business analysts and technical IT resources. It can remove the need for data warehouses and all the management activities that are needed to support and maintain them. These tools drive self-service, productivity improvement and more importantly insight and timely decision making.

How beneficial is it to have accurate real time actual data, data on trending and forecasting? Gaining real time insight into how the business is performing will drive and promote business differentiators. How you apply the insights available by using these types of tools will improve your overall effectiveness at all levels of the organisation.

Most organisations have some form of performance indicators that are generated from enterprise or business intelligence applications, which are used to assess the various performance levels and activities of the business.
Measuring performance helps manage the dynamics of the business. Davenport, Harris & Morrison outlined DELTA success factors that can serve as an assessment tool for your analytical capability.

D for accessible high quality data  
E for an enterprise orientation  
L for analytical leadership  
T for strategic targets  
A for analysis.

We have listed several performance measures that support the development of organisational capability and success. You may have others that are appropriate for your organisation or industry.

**Finance**  
- Corporate or enterprise performance  
- Performance to budget and forecast  
- Cost structures  
- Revenue management/performance  
- Funding  
- Risk management  
- Investment  
- Cash  
- Asset value.

**Sales**  
- Target market, actual versus budget versus forecast  
- Territory/region performance  
- Product and customer profitability  
- Customer satisfaction  
- Customer retention  
- Market segment.
**Procurement**
- Service level agreement/performance
- Inventory utilisation and cost
- % cost savings over time.

**Manufacturing/Delivery**
- On time delivery
- Quality
- Productivity
- Rework.

**Information Technology**
- Availability
- Number of services offered
- Service level performance
- Capacity
- Number of security incidents
- Budget versus actual
- Support statistics.

**Employee**
- Revenue per employee
- Productivity
- Retention
- Satisfaction.
PRACTICAL TIPS

- Continually monitor, assess and adjust to ensure the architecture is relevant to the business.
- Ensure systems, process, people and information are integrated.
- Discourage and manage the development of ‘personal systems and processes’.
- Break down operational silos.
- It’s more than just the numbers – it’s about the alignment of processes, people and the ability to use validated information to make better decisions.
CHAPTER 17

Phase 4 Realising Success – Connecting the Dots

By using the Strategic Performance Framework™ to define and implement your performance architecture, you will be able to make sense of and manage the complex elements that make up the business. You will have a better understanding of the enabling structures that assist the organisation to deliver value and performance.

Systems and infrastructure will be built to a defined technical reference architecture that enables the business to do what it does, whilst at the same time delivering agility and sustainability.

You will understand what data and information is used by the business and will have increased confidence in its integrity and quality.

Enterprise applications will support efficient, effective and optimised business processes that will deliver the right information to the right people at the right time in the right format. This will lead to better decision making.

Information and operational processes will be structured to deliver strategic objectives.

The combined enablers of systems, process, people and information will deliver improved performance.
Given that competitive environments are changing and digitisation and technology advancements are influencing how we do business, now more than ever businesses need to rethink what they do and how they do it.

Over the last year we have witnessed businesses struggle with how to improve and optimise. The more mature the organisation and the more successful it has been in the past, the greater the tendency to return to how they have always done things. That was one of the compelling reasons for writing the book. It may not be perfect, but it will hopefully provide food for thought and inspiration to drive your business and projects forward.
For the last twelve months we have been assessing ways and means of automating Realising Success®. We have finally found a way to do it – a way that we are happy with. So we now have what we have called the Realising Success® Academy. It is a hosted subscription service and collaborative platform that provides:

- instruction to guide you
- a business modelling tool that supports both authors and collaborators
- better practice
- defined processes for the baseline, defining the architecture, implementation and optimisation phases
- a set of models to visualise and communicate (including some of those used throughout the book)
- document templates and automation, reducing the time needed to produce documents
- a central repository for all content
- an ability to capture master data and apply it to documents and models
- a sandpit to try ideas
- global reach and support.

Information is available on our website.
CHAPTER 18
Creating a World Class Business

World class was once the domain of large multi-national and corporatised businesses. But how things change! Today world class is attainable by any business, whether it has one person or a thousand. The key is in understanding how to get there. We see a great vehicle for doing that is by using a Strategic Performance Framework™.

World class is a way of thinking and doing. It is embedded in the organisational culture. It is a driver of behaviour and performance. Businesses that achieve this level align systems, process, people and information and standardise where appropriate.

World class businesses require leadership – situational leadership, everyone in the organisational plays a leadership role. This allows the executive and management teams to focus on planning, directing and continuous innovation and improvement.

Today any business can implement world class information systems thanks to the internet, cloud based applications and subscription based pricing. Efficient and effective operational processes can be driven by the chosen business software used by the business or can be designed and implemented by using one of the many business process tools that are available at relatively low cost.

Driving world class people behaviour and performance is the tricky part. For this most people need a framework or roadmap to follow. People need to know how to behave, what to minimise and maximise, what to strive for, what to prioritise, what to fix, what to drop, when to make a decision and when to escalate – and most importantly where to focus their effort.
As we mentioned in chapter 4, business leaders must lead in environments where there are multiple agendas, high rates of change, diverse and well-educated workforces, emerging technologies and increasing volumes of data and information. Anything that helps to remove the blind-spots that so often exist within businesses has to be a good thing. Car wing mirrors are great for making sure the road is clear and it is safe to change lanes. You have the opportunity to build your own organisations wing mirrors.

Welcome to the world of strategic performance improvement.
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