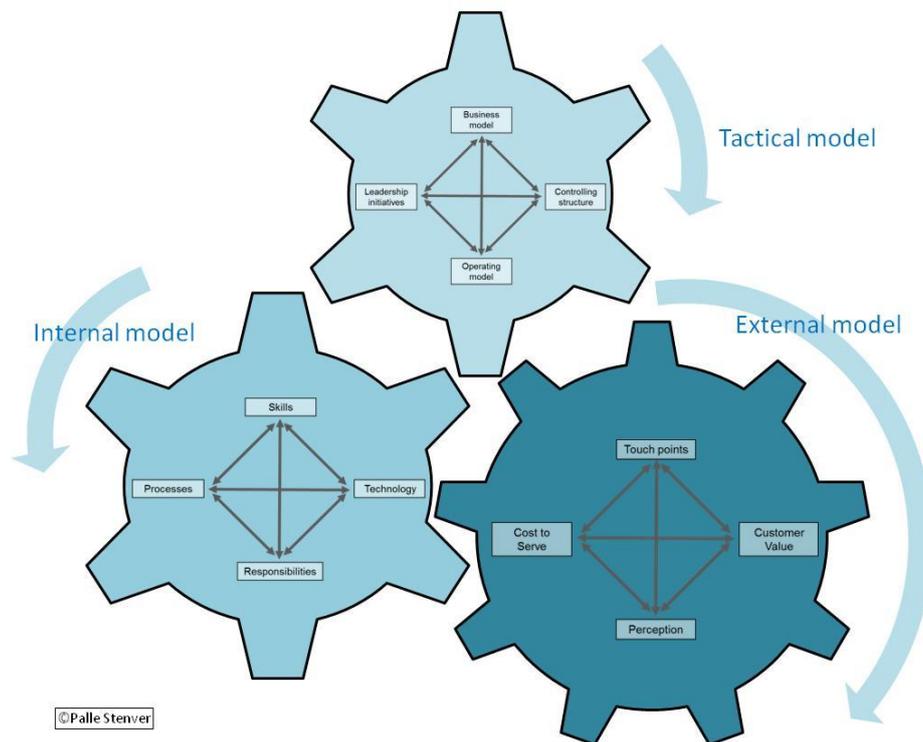


# Palle Stenver

## The Quick Guide to Traceability and Coherency in Program and Business Management

15 Useful Models and Frameworks in only 12 pages!



Third edition, Copenhagen, March 15<sup>th</sup> 2014

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## Preface

The objective of this publication is document central methods and processes in program and project driven business change management in a sales organisation.

This publication is based on 30 years of working experience on the border between business and IT summed up by some of the models I have created for the VEC program for DONG Energy Sales, UK. As the program still ongoing and as it is of strategic importance for DONG Energy, I have to leave out business specific information.

Throughout the processes it has been my strict intention to cohere with the best practice management principles:

1. Traceability
2. Coherency
3. Transparency
4. Realism
5. Simplicity

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*To my loving family and dearest friends, who I have missed so much during my more than 300 travel days to the UK!*

## About the author



Palle Stenver has 30 years of program/project management and C-Level management experience in Utility, Retail, Internet, Banking, Insurance, Capital Market and consulting industries. His background is M.Sc. Eng from Technical University of Denmark (DTU), B.ba. Strategy Copenhagen Business School (CBS), B.ba. Marketing Copenhagen Business School (CBS), PRINCE2 and MSP Certified. He has specialised in aligning business and IT tactical development.

Let's connect on LinkedIn!

## Table of Content

|                                                                           |           |
|---------------------------------------------------------------------------|-----------|
| <b>Why you need this book</b> .....                                       | <b>4</b>  |
| <b>Identification of program content (The Mauritius Model)</b> .....      | <b>5</b>  |
| <b>Asset innovation</b> .....                                             | <b>5</b>  |
| <b>The business road map</b> .....                                        | <b>7</b>  |
| <b>Ensuring coherency – The 12 Box Model (Stenvers Model)</b> .....       | <b>8</b>  |
| <b>Closing the Gaps</b> .....                                             | <b>11</b> |
| <b>Managing progress – the project management model</b> .....             | <b>12</b> |
| <b>Managing continuous business transformation</b> .....                  | <b>13</b> |
| The Upgraded pixie .....                                                  | 15        |
| Managing requirements .....                                               | 15        |
| <b>Conclusion</b> .....                                                   | <b>16</b> |
| <b>Appendix 1: Create the organisation with build in feedback loop</b> .. | <b>17</b> |
| <b>Appendix 2: The Balanced Scorecard and the 12 Box Model</b> .....      | <b>18</b> |
| <b>Appendix 3: References</b> .....                                       | <b>19</b> |

## Release notes

| Edition | Date       | Note                                                                                                                                                                                                                                             |
|---------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| First   | 2014.01.26 | First publication                                                                                                                                                                                                                                |
| Second  | 2014.02.03 | <ul style="list-style-type: none"> <li>• Asset Innovation Model added (Thanks to Henrik Jeppesen for inspiration)</li> <li>• Pixie Model developed further (Thanks to CM Project Manger Team)</li> <li>• Requirement template created</li> </ul> |
| Third   | 2014.03.xx | <ul style="list-style-type: none"> <li>• Comparison with the Balanced Scorecar</li> <li>• 5 principles for managing changes and business transformation</li> </ul>                                                                               |

## Why you need this book!

In 1990 Robert Kaplan et al. published the Balanced Scorecard. Ever since its hierarchical KPI framework has been a part of many large companies governance framework.

As the 12 Box model Framework, The Balanced Scorecard also works with assets, however it is not defining the asset as the subject for the KPI's and SLA's. In the 12 Box Model Framework the innovation takes origin in the assets and evolution in KPI's represents the road map for the business.

The Balanced Scorecard does not have the business model as central part. In the 12 Box Model Framework the Business Model is the implementation of the Business Strategy and the Operational Model is the internal execution of the strategy.

In my opinion all KPI's only works on the assumption that the Business Model is right. The Business Model has to be subject for a constant care as markets change due to regulation, globalisation, competition (5 Forces) and even by the impact of the business itself. In my understanding the hunt for the sweet spot in the market (ref. The Blue Ocean Strategy) and the derived business model is much more relevant for the business management than focus long term and highly uncertain KPI's and SLA's. Therefore you will also need a stronger out-site-in-view than the one the Balanced Scorecard offers.

However the KPI's and SLA's are very strong tools in a two way traceability guidance between Business Model, Operating Model and the tasks the individuals in the organisation performs.

The foundation for the 12 Box Model Framework is the understanding of the business dynamics and the recognition that Pain flows the organisation and the changes in one part of the organisation will have impact in another part of the organisation. So from a business governance perspective the operating model by choosing the right Must Winn Battles must ensure coherency and synchronisation of the evolution business.

The 12 Box Model Framework also includes the Cost-to-Serve and the Customer Value directly, so the needed for Lean process optimisation which is a prerequisite for obtaining competitiveness in mature markets I build-in.

Further spinoffs of the 12 Box Model Framework are:

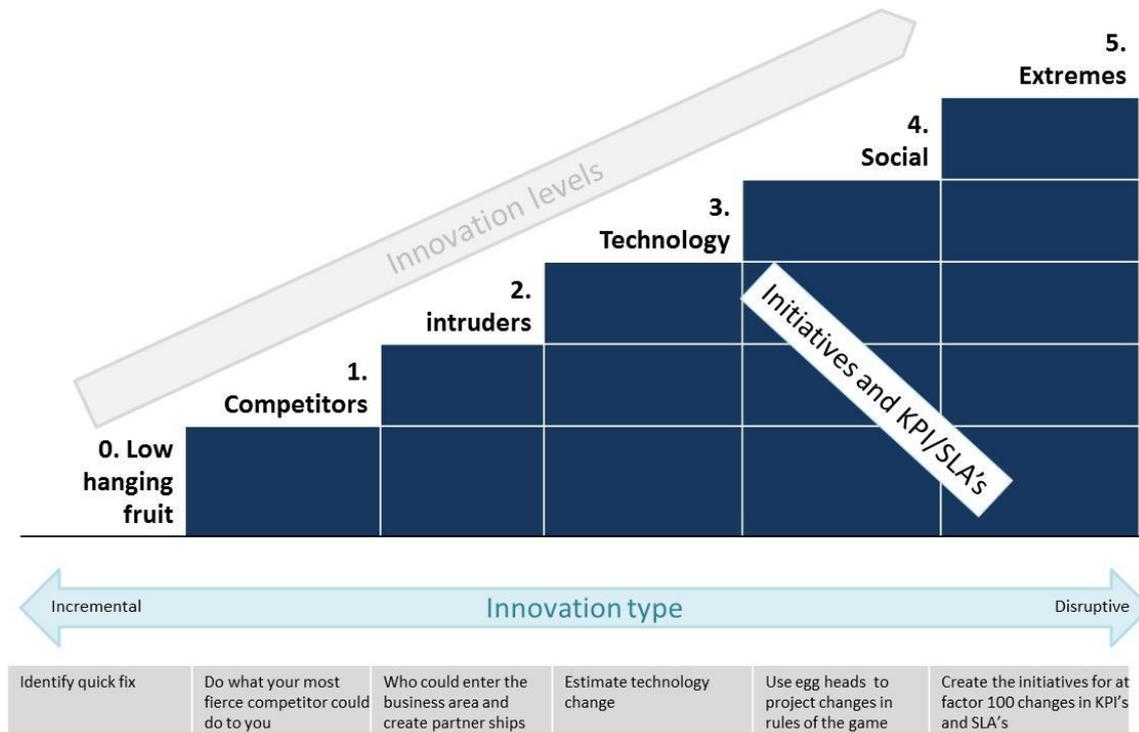
- ✓ Innovation and scoping concept
- ✓ Coherent model framework with ready-to-use tool box
- ✓ Same principles for programs, projects and incremental evolution
- ✓ Integrated business and IT change management concept

## Identification of program content (The Mauritius Model)

The breakdown of program content comes from the Strategic Objective Breakdown Framework (The Mauritius Model).

The asset is something of value for the customers or the shareholders which can be measured (by KPI's and SLA's). The value of a company is the sum of its assets values.

## Asset innovation



Combining a generic innovation model with the Asset identification model give the analytic framework.

|             | Entity       | Low hanging fruits | Intruders | Technology | Social | Extremes |             |
|-------------|--------------|--------------------|-----------|------------|--------|----------|-------------|
| Regulation  | Community    |                    |           |            |        |          | Strategic   |
|             | Market       |                    |           |            |        |          |             |
|             | Corporation  |                    |           |            |        |          | Tactic      |
| Legislation | Organisation |                    |           |            |        |          | Operational |
|             | Processes    |                    |           |            |        |          |             |
|             | Tasks        |                    |           |            |        |          |             |
| Inputs      | Individuals  |                    |           |            |        |          | Enablers    |
|             | Technology   |                    |           |            |        |          |             |

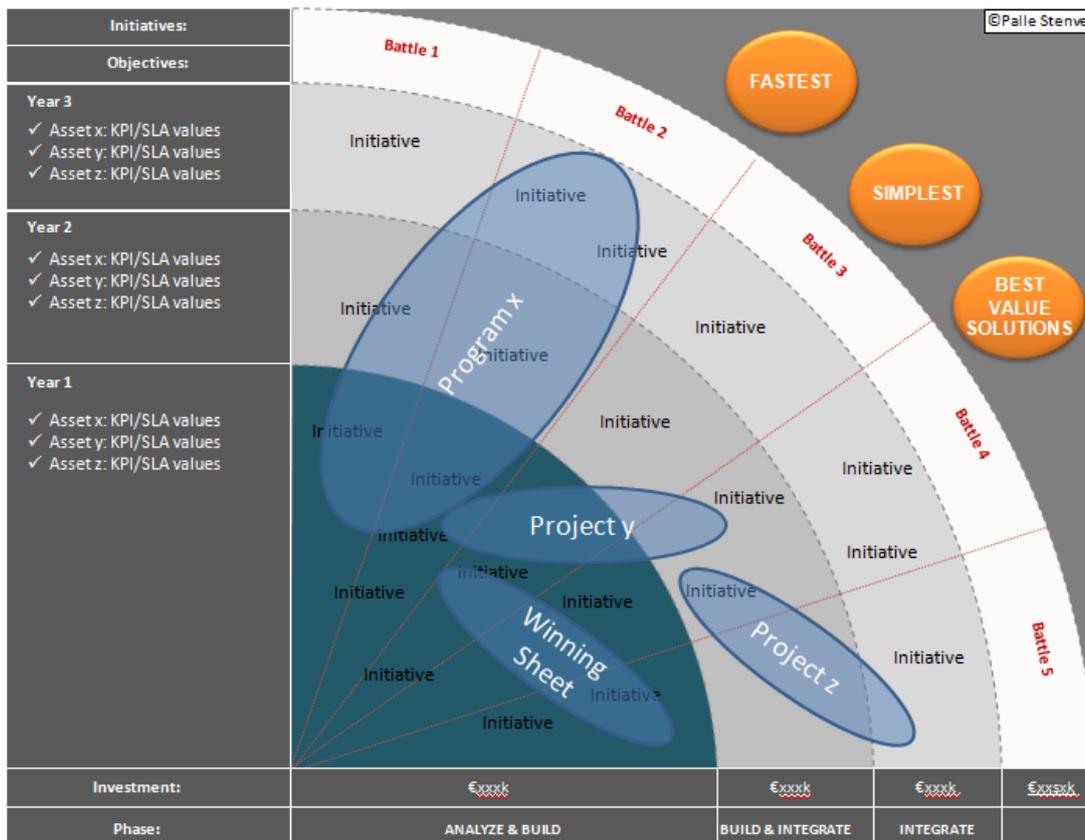
Initiatives and KPI/SLA's

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The Assets are measured by KPI's and SLA's developed further in the Must Win Battles. The Must Win Battles are solved by

1. Programs
2. Projects
3. Winning Sheets (see following chapter)

## The business road map



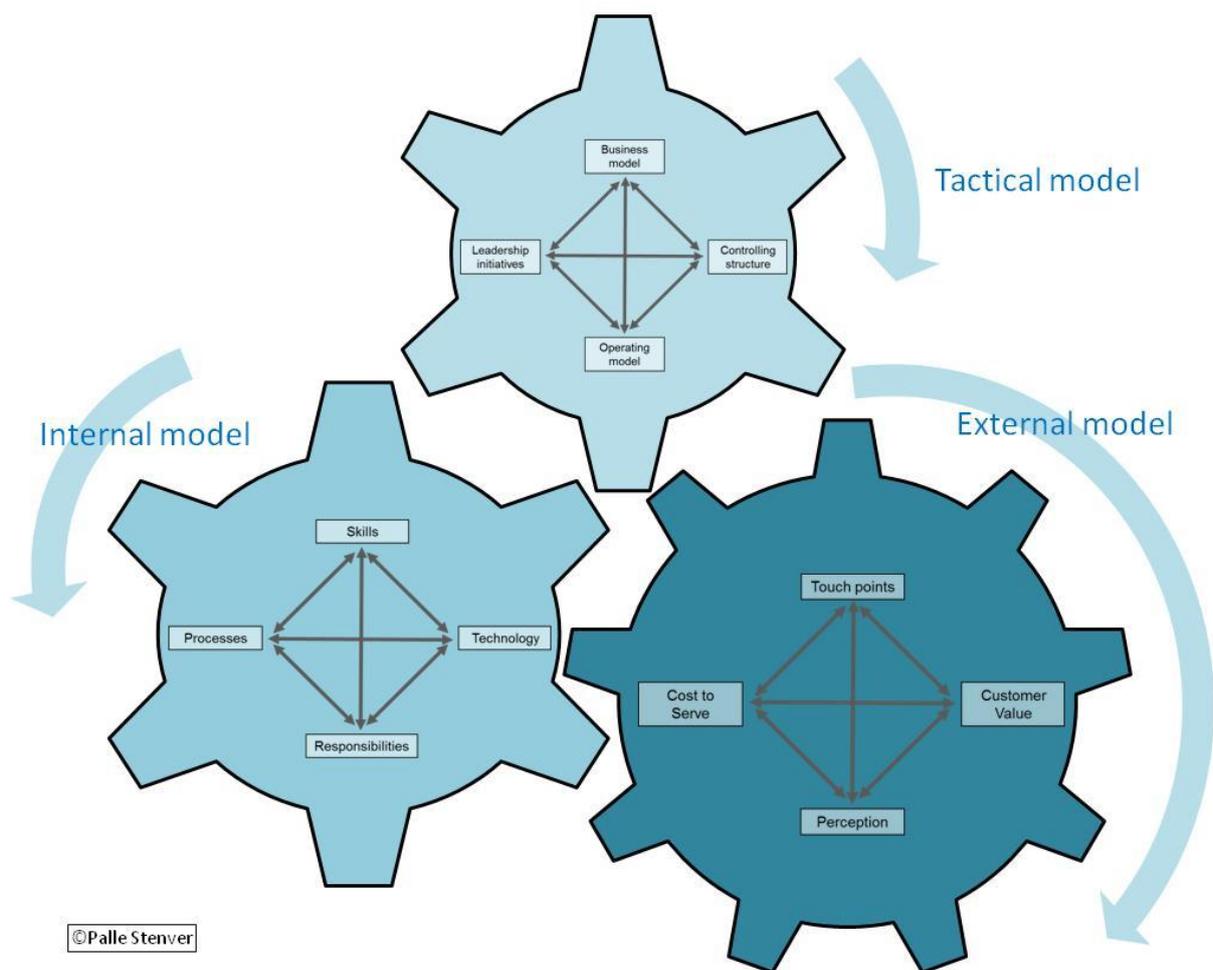
Accordingly to the business road map, the scope of all change will be defined by the desired change in assets and measurable changes in KPIs and SLA's. KPI's (Key Performance) Indicators) are in general measurements for financial and business performance where SLA's (Service Level Agreements) are the commitments the organization has made to the society, market, partners or individuals.

Regardless whether the changes is major (programs) or minor (winning sheets) the same methodology of steering progress cab be managed by the same approach, which is described in the following pages of the publications.

## Ensuring coherency – The 12 Box Model (Stenvers Model)

The 12 box model is an inspired mash up of the McKinsey 7s model, the 4P model and H. J. Leavitts model. The purpose is to provide a framework for analysing the business dynamics of changes across the organization.

The 12 Box Model was first published for a lecture at Copenhagen Business School, CBS on April 16<sup>th</sup> 2013. It was used to explain why projects fail.



The tactical part connects into the 12 Box Coherency Model's Tactical part from Strategic Objective Breakdown Framework (The Mauritius Model) at the *Business model* and the *Operating model* themes.

The Business model is the consequence of the company's strategy. It is assumed that the market constantly is changing due to changes in regulation and Porters 5 forces in general. The transformation of the company then be initiated by changes in the business model for the purpose of being competitive.

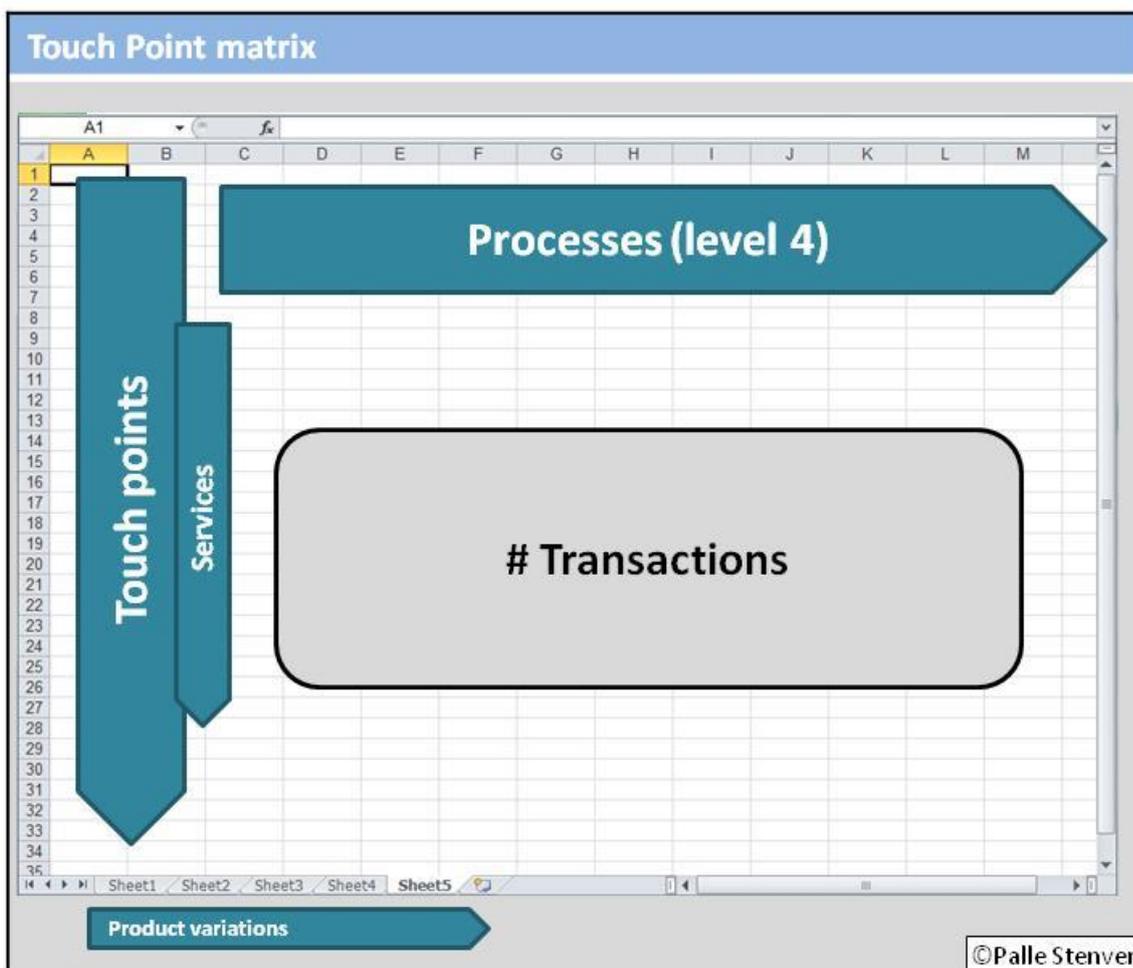
As a consequence of the change in business model it is very likely that there will be changes in the business must win battles and subsequently in the Operating model.

The *leadership* and *controlling structure* are the management themes, are the themes needed for implementing the tactics.

The External part connects into the Lean Mindset by operating with the process related to *cost to serve* and the *customer value* themes, delivered in the *touch point* between the company and the outside world. The *Perception* theme represents the company's efforts to communicate the value provided to the customers.

In the internal gear wheel it should be noticed that the organisation is not a part of the framework as the organization can be changed overnight, whereas *responsibilities* in the *processes* are constants. The essential part of the whole model is the business *processes* theme, which significantly impacts technology and *skills* themes in this gear wheel and most of the themes in the other gear wheels.

The 12 Box coherency model is used to identify the gaps occurring when one parameter is changed. The analysis would then be represented by 66 relations ( $\sum_{n=1}^{12-1} n$ ). As a part of the analysis the gap from *as-is* to *to-be* is analysed in a gap map. The gap maps shows the framework to analyse the impact of changes in Processes on the Touch Points.



Similar other matrices are created by combining themes within the gear wheel as well as between themes across gear wheels.

The Gap Maps will define the requirements for changes defined by the scope set in the business road map.

## Closing the Gaps

Having identified the from *as-is* to *to-be* transformation work packages The Transition Matrix lists the work packages needed for executing the transition. The top row represents all business processes (ex marketing, sales, customer service, finance, audit, HR, strategic planning, training and compliance).

| Execution Work Packages |                   | Business process break down                                    |    |                                        |        |            |        |         |        |        |  |
|-------------------------|-------------------|----------------------------------------------------------------|----|----------------------------------------|--------|------------|--------|---------|--------|--------|--|
| Objective               |                   | Processes                                                      |    | development                            |        | generation |        | Process |        |        |  |
| 12 Box Themes           |                   | Business Accountable/Responsible/Consulted/Program Team Expert |    | Cross-process Accountable/Responsible? |        |            |        |         |        |        |  |
| Tactics                 | Business model    | 1                                                              | T1 | T1-1,1                                 | T1-1,2 | T1-2,1     | T1-2,2 | T1-3,1  | T1-3,2 | T1-3,3 |  |
|                         | Leadership        | 2                                                              | T2 | T2-1,1                                 | T2-1,2 | T2-2,1     | T2-2,2 | T2-3,1  | T2-3,2 | T2-3,3 |  |
|                         | Controlling       | 3                                                              | T3 | T3-1,1                                 | T3-1,2 | T3-2,1     | T3-2,2 | T3-3,1  | T3-3,2 | T3-3,3 |  |
|                         | Operational model | 4                                                              | T4 | T4-1,1                                 | T4-1,2 |            |        | T4-3,2  | T4-3,3 |        |  |
| External                | Touch points      | 1                                                              | E1 | E1-1,1                                 | E1-1,2 |            |        | E1-3,2  | E1-3,3 |        |  |
|                         | Cost to serve     | 2                                                              | E2 | E2-1,1                                 | E2-1,2 |            |        | E2-3,2  | E2-3,3 |        |  |
|                         | Customer value    | 3                                                              | E3 | E3-1,1                                 | E3-1,2 | E3-2,1     | E3-2,2 | E3-3,1  | E3-3,2 | E3-3,3 |  |
|                         | Perception        | 4                                                              | E4 | E4-1,1                                 | E4-1,2 | E4-2,1     | E4-2,2 | E4-3,1  | E4-3,2 | E4-3,3 |  |
| Internal                | Skills            | 1                                                              | I1 | I1-1,1                                 | I1-1,2 | I1-2,1     | I1-2,2 | I1-3,1  | I1-3,2 | I1-3,3 |  |
|                         | Process           | 2                                                              | I2 | I2-1,1                                 | I2-1,2 | I2-2,1     | I2-2,2 | I2-3,1  | I2-3,2 | I2-3,3 |  |
|                         | Responsibilities  | 3                                                              | I3 | I3-1,1                                 | I3-1,2 | I3-2,1     | I3-2,2 | I3-3,1  | I3-3,2 | I3-3,3 |  |
|                         | Technology        | 4                                                              | I4 | I4-1,1                                 | I4-1,2 | I4-2,1     | I4-2,2 | I4-3,1  |        |        |  |

One Work Packages per process step and 12 box theme

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The work packages description contains the following content (extract)

| WP Area | 12 Box Theme | Execution Work Package Name | Execution Work Package Number | Step ID | Step Description                                                     | Requirement | Deliverable                |
|---------|--------------|-----------------------------|-------------------------------|---------|----------------------------------------------------------------------|-------------|----------------------------|
| Tactics | leadership   | Leadership                  | T2-xx                         | 1.1     | Identify who (individuals/roles) are impacted by the changed process |             |                            |
|         |              |                             |                               | 1.2     | Create Process vs as role matrix (coms needs)                        |             | Create Process role matrix |
|         |              |                             |                               | 1.3     | Describe a day in the life for these roles/individuals (to be)       |             |                            |
|         |              |                             |                               | 1.4     | Describe as is                                                       |             |                            |
|         |              |                             |                               | 1.5     | Describe the people journey from as is to to be                      |             |                            |

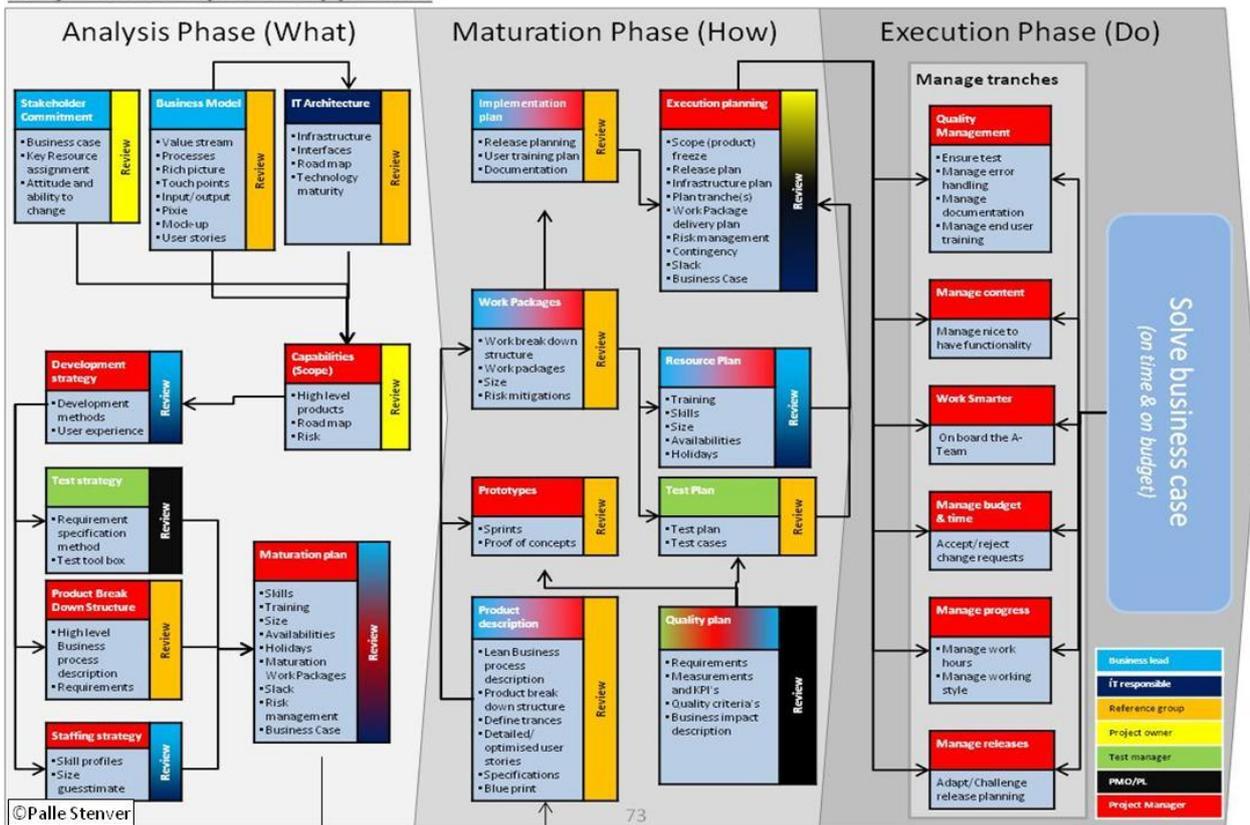
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The Program/project plan is build be summing up who is working on which work package when.

## Managing progress – the project management model

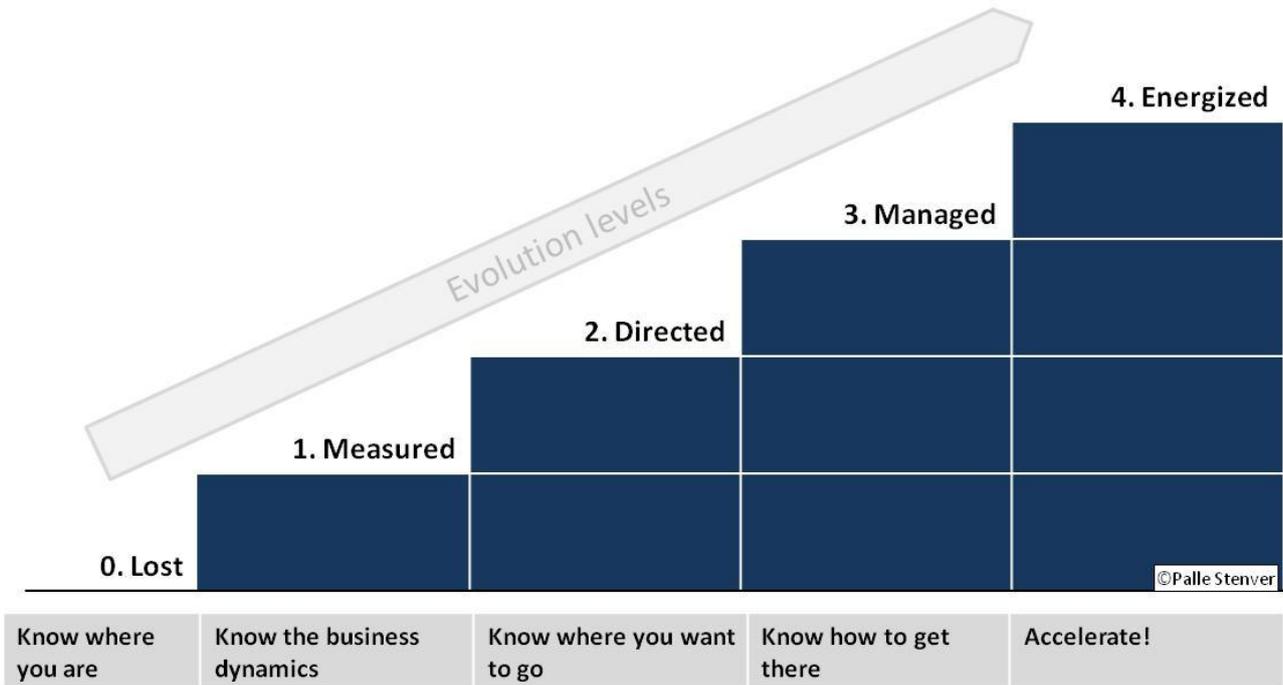
The project management model works with 4 phases: Analysis, Maturation, Execution and Evaluation. The PRINCE2™ inspired approach looks like this.

### Project Development approach



## Managing continuous business transformation

In IT the CMMI concept is used to align IT with business. However the Business Management framework is still very immature. A similar model to the CMMI model is the Business Capability Maturity Development Concept.



The model is implemented by the models in this document

|           | 0. Lost                            | 1. Measured                | 2. Directed               | 3. Managed            | 4. Energized                   |
|-----------|------------------------------------|----------------------------|---------------------------|-----------------------|--------------------------------|
| Objective | Know where you are                 | Know the business dynamics | Know where you want to go | Know how to get there | Accelerate                     |
| Model     |                                    |                            |                           |                       |                                |
| Tool      | Asset definition<br>KPI's<br>SLA's | Gaps<br>                   | Business road map<br>     | Work packages<br>     | Organisational empowerment<br> |
| Notes     | Balanced Score Card                |                            | Blue Ocean Strategy       | PRINCE2™              | ©Palle Stenver                 |

The Business Capability Maturity Development Concept is implemented by the Winning Sheet.

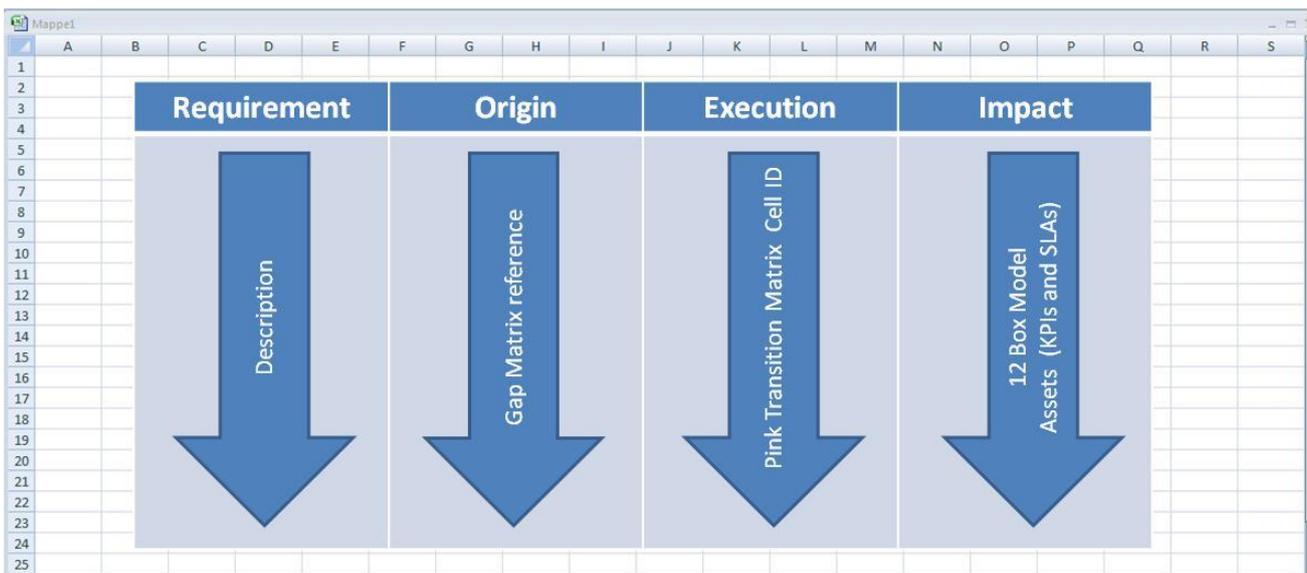
| Winning Sheet name |             | Asset                         | AS-IS | TO-BE        | Asset                                    | AS-IS   | TO-BE | Asset                         | AS-IS | TO-BE | Asset                         | AS-IS | TO-BE |
|--------------------|-------------|-------------------------------|-------|--------------|------------------------------------------|---------|-------|-------------------------------|-------|-------|-------------------------------|-------|-------|
| Description        |             | KPIs 2,3<br>SLA<br>CtS<br>CvP |       |              | KPIs 2,3<br>SLA<br>CtS<br>CvP            |         |       | KPIs 2,3<br>SLA<br>CtS<br>CvP |       |       | KPIs 2,3<br>SLA<br>CtS<br>CvP |       |       |
| Idea 1             | Description | Measures                      |       | Impact (C/B) |                                          | Actions |       | Follow-up/mitigation          |       |       |                               |       |       |
|                    |             |                               | AS-IS | TO-BE        | Pixie +                                  |         |       |                               |       |       |                               |       |       |
| Idea 2             | Description | Measures                      |       | Impact       |                                          | Actions |       | Follow-up/mitigation          |       |       |                               |       |       |
|                    |             |                               | AS-IS | TO-BE        | <b>Generic operational Winning Sheet</b> |         |       |                               |       |       |                               |       |       |
| Idea n             | Description | Measures                      |       | Impact (C/B) |                                          | Actions |       | Follow-up/mitigation          |       |       |                               |       |       |
|                    |             |                               | AS-IS | TO-BE        | Pixie +                                  |         |       |                               |       |       |                               |       |       |

## The Upgraded pixie



The original pixies is a Dong Innovation to describe how to get from as-is to to-be, when considering overall objectives, constraints and assumptions.

## Managing requirements



## Conclusion

By the end of the day programs, projects and winning sheets have to be executed. The requirement framework sits at the end of the analysis funnel. By following the method there will be established traceability from the strategies to the individual requirement.

It will be ensured that the solution the solution is coherent, because the business dynamics are understood and investigated.

The pink transition matrix and the requirement sheet will document how, where and why the activities are done. Going into tendering processes the themes can be broken down into supplier friendly delivery areas with specific requirements and work packages.

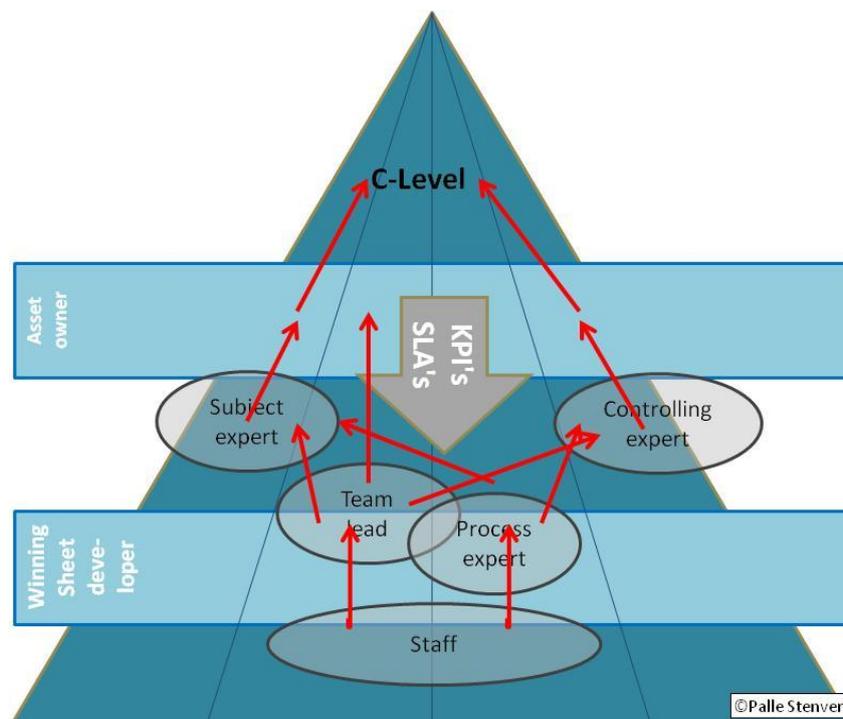
The business road map diagram will ensure that the objective of the transition is realistic, even though the evolution assessment may have been very abstract (but also very thorough!)

The objective with all the models has been to create a mechanics with simple tools for doing the analysis. In general all word documents in the transition should be avoided, and Visio (or ppt.) drawings should be prioritised.

## Appendix 1: Create the organisation with build in feedback loop



The objective of 4 Pillar organisational design is to accelerate business development by off loading the strategic apex. Here the staff's is assigned a winning sheet as a part of an incremental career development dependent on their competences and ambitions: The incremental career model:



## Appendix 2: The Balanced Scorecard and the 12 Box Model

|          |   |                   | Financial perspective  |                            |                              |                        |
|----------|---|-------------------|------------------------|----------------------------|------------------------------|------------------------|
|          |   |                   | Improve cost structure | Increase asset utilisation | Expand revenue opportunities | Enhance customer value |
| Tactics  | T | Business model    |                        |                            |                              |                        |
|          |   | Leadership        |                        |                            |                              |                        |
|          |   | Controlling       |                        |                            |                              |                        |
|          |   | Operational model |                        |                            |                              |                        |
| External | E | Touch points      |                        |                            |                              |                        |
|          |   | Cost to serve     |                        |                            |                              |                        |
|          |   | Customer value    |                        |                            |                              |                        |
|          |   | Perception        |                        |                            |                              |                        |
| Internal | I | Skills            |                        |                            |                              |                        |
|          |   | Process           |                        |                            |                              |                        |
|          |   | Responsibilities  |                        |                            |                              |                        |
|          |   | Technology        |                        |                            |                              |                        |

|          |   |                   | Customer perspective |         |              |           |               |         |             |       |
|----------|---|-------------------|----------------------|---------|--------------|-----------|---------------|---------|-------------|-------|
|          |   |                   | Price                | Quality | Availability | Selection | Functionality | Service | Partnership | Brand |
| Tactics  | T | Business model    |                      |         |              |           |               |         |             |       |
|          |   | Leadership        |                      |         |              |           |               |         |             |       |
|          |   | Controlling       |                      |         |              |           |               |         |             |       |
|          |   | Operational model |                      |         |              |           |               |         |             |       |
| External | E | Touch points      |                      |         |              |           |               |         |             |       |
|          |   | Cost to serve     |                      |         |              |           |               |         |             |       |
|          |   | Customer value    |                      |         |              |           |               |         |             |       |
|          |   | Perception        |                      |         |              |           |               |         |             |       |
| Internal | I | Skills            |                      |         |              |           |               |         |             |       |
|          |   | Process           |                      |         |              |           |               |         |             |       |
|          |   | Responsibilities  |                      |         |              |           |               |         |             |       |
|          |   | Technology        |                      |         |              |           |               |         |             |       |

|          |   |                   | Internal perspective          |                               |                      |                                | Learning and growth perspective |                     |                      |
|----------|---|-------------------|-------------------------------|-------------------------------|----------------------|--------------------------------|---------------------------------|---------------------|----------------------|
|          |   |                   | Operatig management processes | Customer management processes | Innovation processes | Regouatry and social processes | Human capital                   | Information capital | Organisation capital |
| Tactics  | T | Business model    |                               |                               |                      |                                |                                 |                     |                      |
|          |   | Leadership        |                               |                               |                      |                                |                                 |                     |                      |
|          |   | Controlling       |                               |                               |                      |                                |                                 |                     |                      |
|          |   | Operational model |                               |                               |                      |                                |                                 |                     |                      |
| External | E | Touch points      |                               |                               |                      |                                |                                 |                     |                      |
|          |   | Cost to serve     |                               |                               |                      |                                |                                 |                     |                      |
|          |   | Customer value    |                               |                               |                      |                                |                                 |                     |                      |
|          |   | Perception        |                               |                               |                      |                                |                                 |                     |                      |
| Internal | I | Skills            |                               |                               |                      |                                |                                 |                     |                      |
|          |   | Process           |                               |                               |                      |                                |                                 |                     |                      |
|          |   | Responsibilities  |                               |                               |                      |                                |                                 |                     |                      |
|          |   | Technology        |                               |                               |                      |                                |                                 |                     |                      |

### **Appendix 3: References**

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