



Using Enterprise Portfolio Management for Business Change Management

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This presentation aims to address

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- ⌘ Management of change initiatives in organizations
- ⌘ Prerequisite capability areas for Enterprise Portfolio Management
- ⌘ Manage change as business investments
- ⌘ Key success factors for Enterprise Portfolio Management

Content



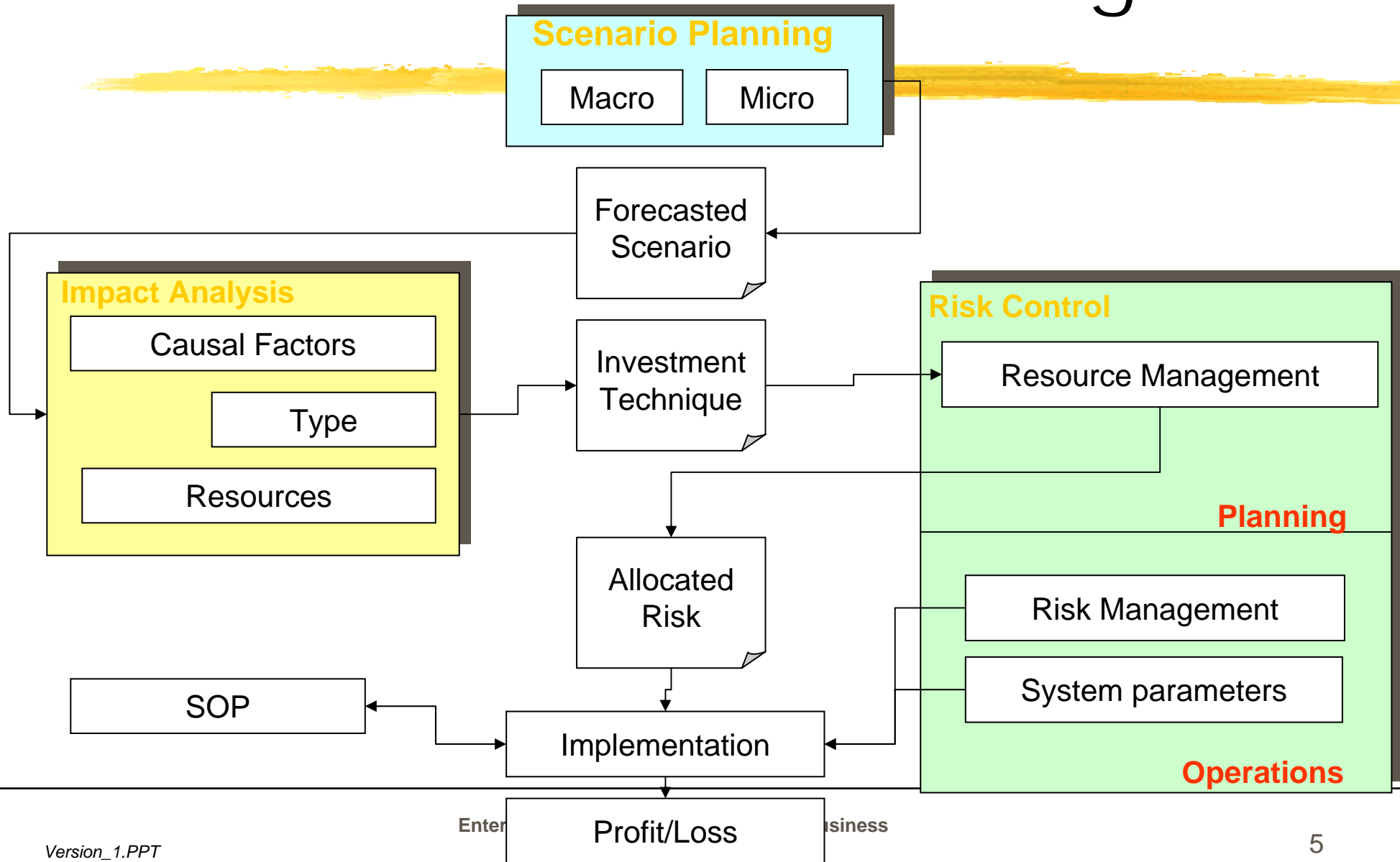
- ⌘ Part 0: Introduction
- ⌘ Part I: Management of Change Initiatives
- ⌘ Part II: Key Capability Areas
- ⌘ Part III: Managing Change as a business investment
- ⌘ Part IV: Key Success Factors

PART 0: Introduction



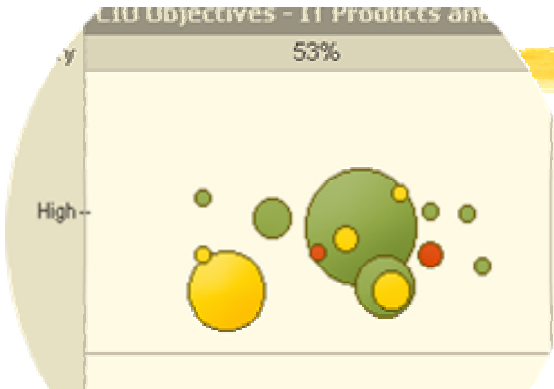
- **Investment Portfolio Management**
- **Enterprise Portfolio Management**

Investment Portfolio Management



Project Portfolio Management

- ⌘ Aggregated Level of project activities
- ⌘ Appropriate mix of projects and initiatives
- ⌘ Costs, Risks, Returns and trade-off
- ⌘ Individual Projects and its information is vital for the success of the overall portfolio
- ⌘ Requires cross functional views
- ⌘ Consistently needs business architecture views



SCORECARD

Scorecard: 0.3.3 Capital Total YTD CY03 Portfolio: 2003 IS Capital Plan A (Current)

Projects	FIN CCA SAP	PRFORM IS Project Manager	FIN Total_Capit Orig Forecast	FIN Total_Capit Actual CY03 YTD *	FIN Total_Capit Outlook CY03* (S)	FIN Total_Capit Forecast Variance
1 01-0177 Product Change Management Versic	3032	Sheetz, Bob	27,695,000	3,018,100	18,220,100	-6,741,800
2 00-0434 QFPFP Bracket Pricing	3056	Jenkins, Dave	40,000	25,000	40,000	0
3 01-0423 CW Hershey/Calle.com Replacement	3063	Bel, Kermit	45,000	200	45,000	-1,000
4 02-0130 DPMPlus (R3) EDC E3 to Capack EDPA	3064	Reese, Michael	100,000	15,000	10,000	18,000
5 01-0411 Collaborate Program Master	3066	Doane, Jeff	3,000,000	650,000	3,000,000	60,000
6 00-0338 Project Frontier	3067	Lisa, John	6,500,000	700,000	5,750,000	-743,000
7 02-0067-A Fixed Cost Standard Cost	3070	Miller, Kenneth J	15,000	5,000	63,000	47,000
8 00-0363 Customer Data Architecture	3071	Forshey, Dale	100,000	15,000	200,000	100,000
9 02-0102 Data Pass 4.0 Upgrade	3072	Moser, Sharon	400,000	175,000	500,000	94,000
10 02-0079 Standard Interface Architecture Dev	3073	Lento, Frank	35,000	30,000	35,000	-1,000
11 02-0288 Business Cost Analysis Model	3076	Salasde, Dan	20,000	65,000	103,000	83,000
12 00-0341 Implement an Enterprise Portal Pilot	3078	Kriley, Mia	45,000	30,000	66,000	22,000
13 02-0264 Implement a Project Portfolio Mana	3079	Porzucki, Connie	40,000	7,000	40,000	0
14 02-0356 Project Sales & Marketing Brand Re	3080	Bach, Greg	120,000	200,000	270,000	152,000
15 02-0193 Freight Cost Reporting and Analysis	3081	Bury, Marybeth	100,000	150,000	277,000	172,000
16 02-0137 OTIC10-Order Status B2B Internet S	3082	Lento, Phil	600,000	250,000	596,000	-5,000
17 02-0128 Project Bluechip Support	3083	Jenkins, Dave	50,000	191,000	191,000	141,000
18 02-0230 Manufacturing Network Infrastruct	3084	Hias, Paul	175,000	65,000	100,000	-66,000
19 02-0312 Early Warning System	3085	Swamy, Arun	350,000	15,000	285,000	-49,000
20 02-0160 Puerto Rico DC SAP VMS Solution Pro	3086	Reese, Michael	20,000	20,000	41,000	43,000
21 02-0258 SAP/Print Migration	3087	Koloniaski, Chuck	45,000	7,500	13,165	-21,835
22 00-0499 Item Data Synchronization Part 1	3088	Willett, Kevin	140,000	75,000	215,000	77,000

1 Project Profile

Project Title: 01-0177 Product Change Management Veric

HET Sponsor: Brace, Ray

PRFORM Executive Sponsor: Brace, Ray

PRFORM IG Director: Zainwady, Joe

PRFORM IS Project Manager: Sheetz, Bob

Estimated Start: 2003-MAR

Estimated Operational Date: 2003-MAR

Estimated Close Date: Closed

Project Status: Closed

2 Financials

FIN CCA SAP Project # 3032

IO # - Software: 4005000

IO # - Hardware: 4005007

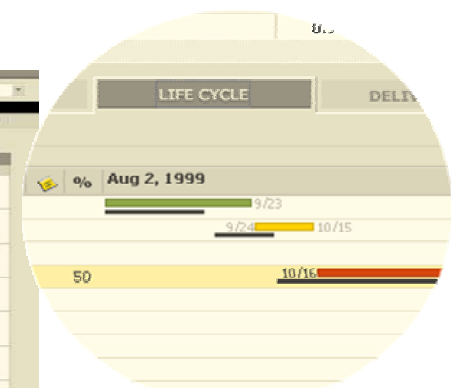
Cost Center:

3 Financial Health

Current Financial Status	Total of Actual from Prior Year(s)	2003 Year to Date Actual	Total Project to Date Actual	% of Capital Spent	Financial Health Indicator
Approved Project Budget	462,972	390,610	49,001	447,619	97



Services	Health Assessment*	Mark
Services	★	Mark Loft
ERP	★	Kevin Delaney
Legacy	★	Robert Hutch
Legacy	★	Kevin Delaney
Legacy	◆	Kevin Delaney
ERP	★	Kevin Delaney
Legacy	◆	Mel Gartner
Service	◆	Bonnie Gable
Part	★	Doug Smith
	★	Mel Gartner
Management	◆	Mark

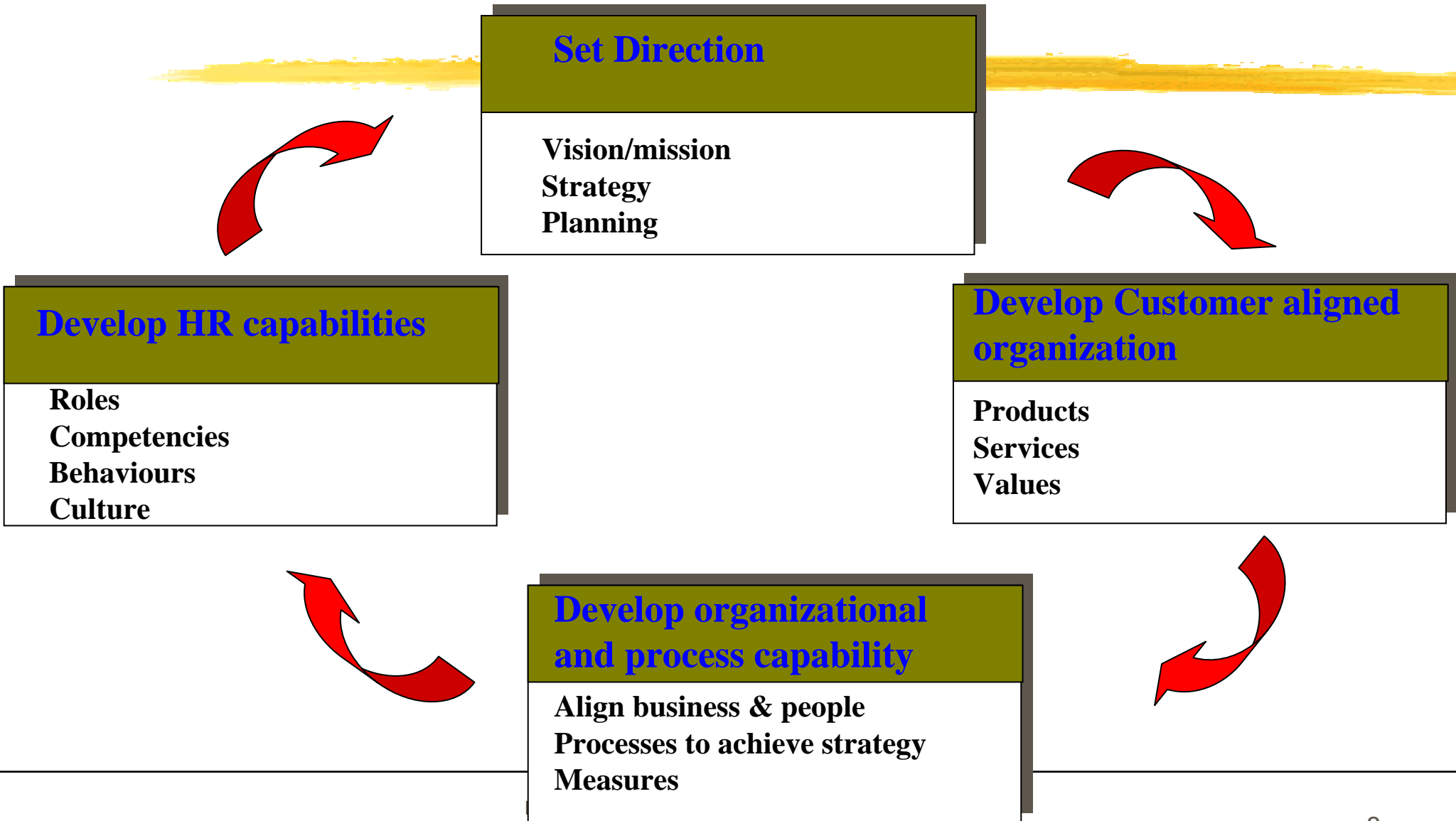


PART I: Management of change initiatives



- **How does a successful organization work ?**
- **Why change ?**
- **The cycle of change**
- **Impact of change**
- **Scope of change in the business cycle**
- **Framework for managing change**

HOW DOES A SUCCESSFUL ORGANISATION WORK ?



Why Change ?

“Reduce the cost and improve the output of resources and processes”

Productivity
Enhancement

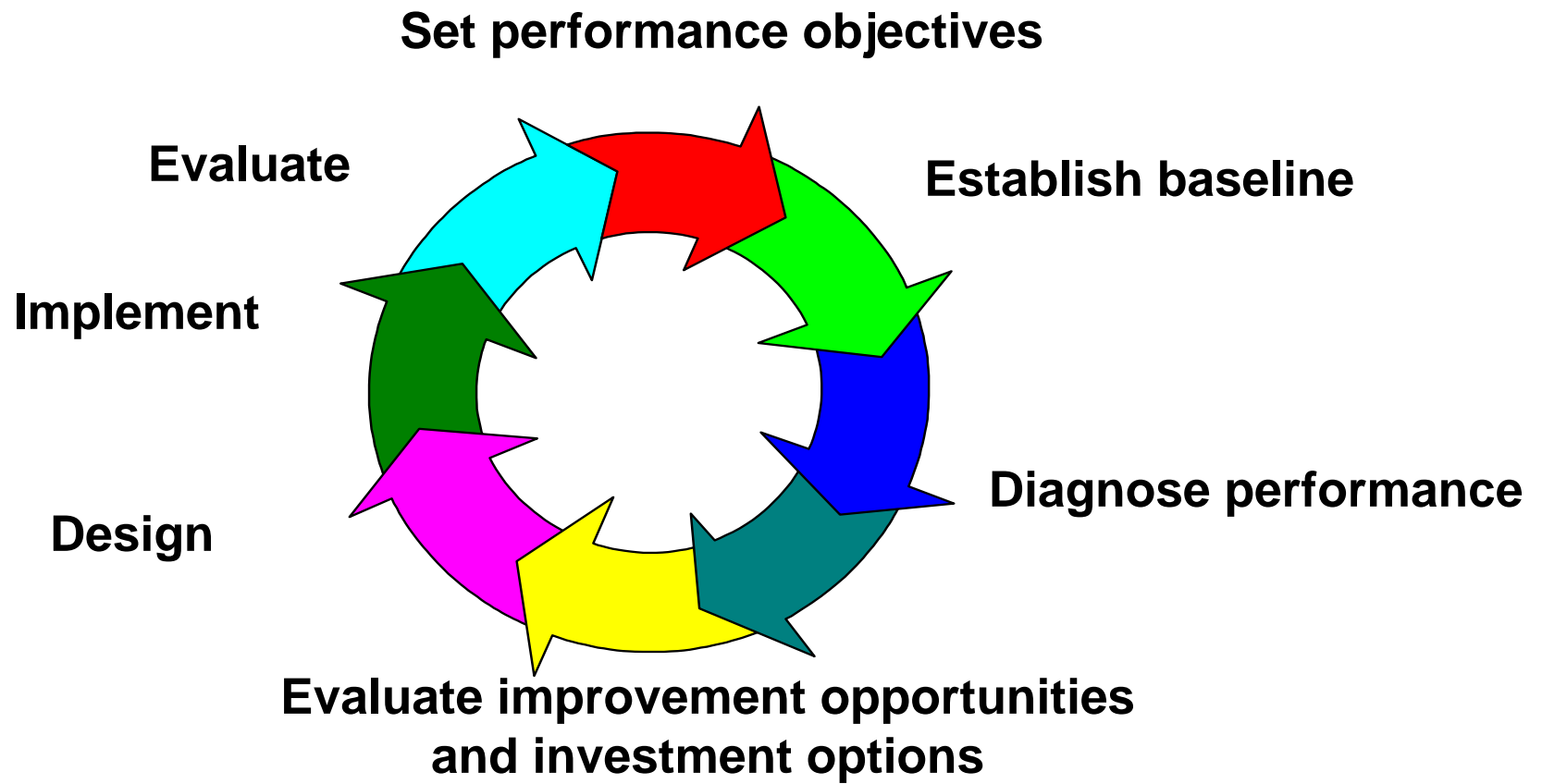
Market
Expansion

“To profitably grow the size of the market and expand share of it“

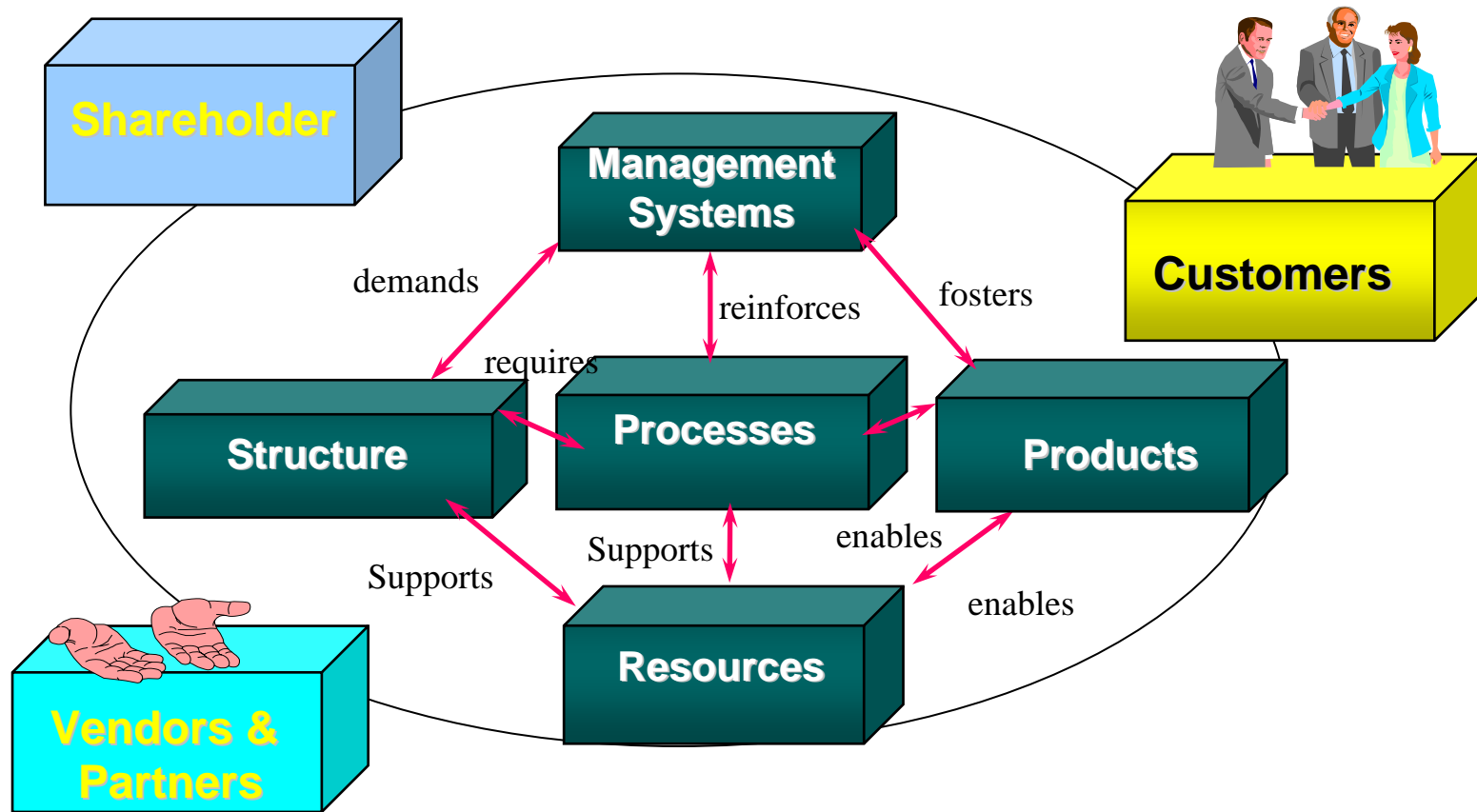
New
Market

“Profitably create new markets, and build new businesses”

The Cycle of Change



Impact of Change



The scope of change : The Business Lifecycle

REVISE SYSTEM

How do we manage growth and change over time ?

MANAGE THE SUPPLY CHAIN

How do we manage the supply chain ?
How do we manage suppliers & purchasing ?
How do we forecast demand?
How do we manage day-to-day activities of planning, scheduling and operations

BIRTH OF SYSTEM

What are the strategy of the organisation ?
What are the objectives, goals and actions of the organisation?
How do we manage implementation ?

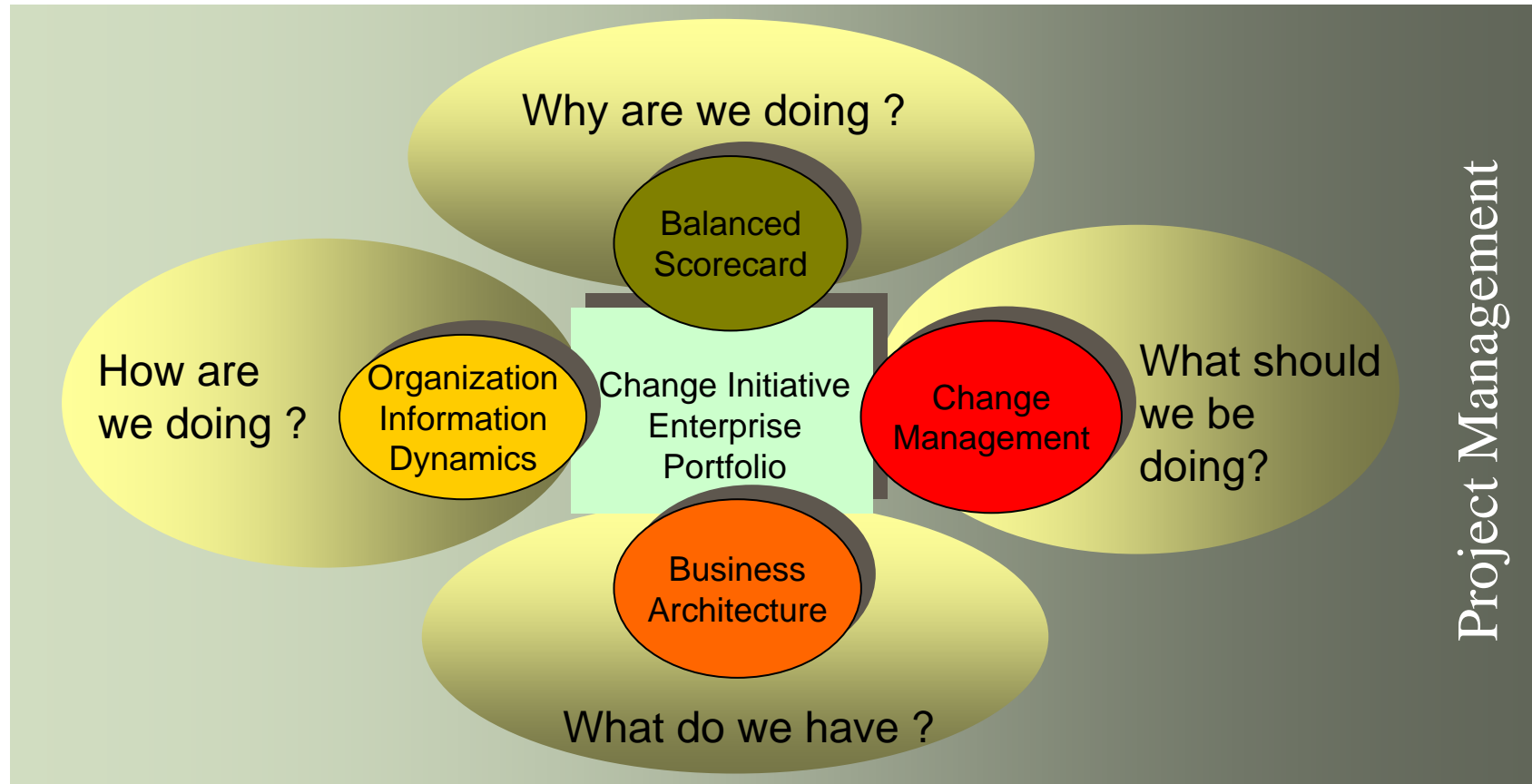
DESIGN THE SYSTEM

How much capacity ?
Where should operations be located ?
How will jobs be performed and measured ?
How will workers be compensated ?
How do we measure learning ?

PRODUCT DESIGN AND PROCESS SELECTION

What is the form of the product ?
How do we design the service ?
How do we develop it ?
What technology do we require ?
How do we achieve quality ?

Business Change Framework



Part II: Capability areas

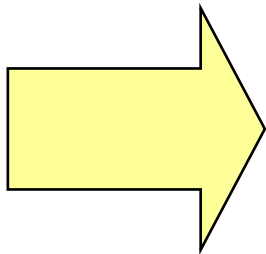
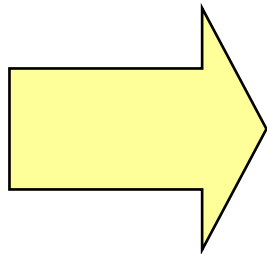


- **Project Management lifecycle for business change projects**
- **Balanced Scorecard**
- **Organizational Information Dynamics (OID)**
- **Business Architectures**
- **Change Management**
- **Enterprise Portfolio Management**

Project Management

MANAGE CHANGE

Educate, train, communicate, involve and do



CHANGE ACTIVITIES

Innovate & Lead

2-3 months

Case for Action
As-Is
Vision & TO-BE
Business Case

Implement & Manage

6-12 months
Release every 3

Design
Migration Plan
Lab
Pilot
Roll-out

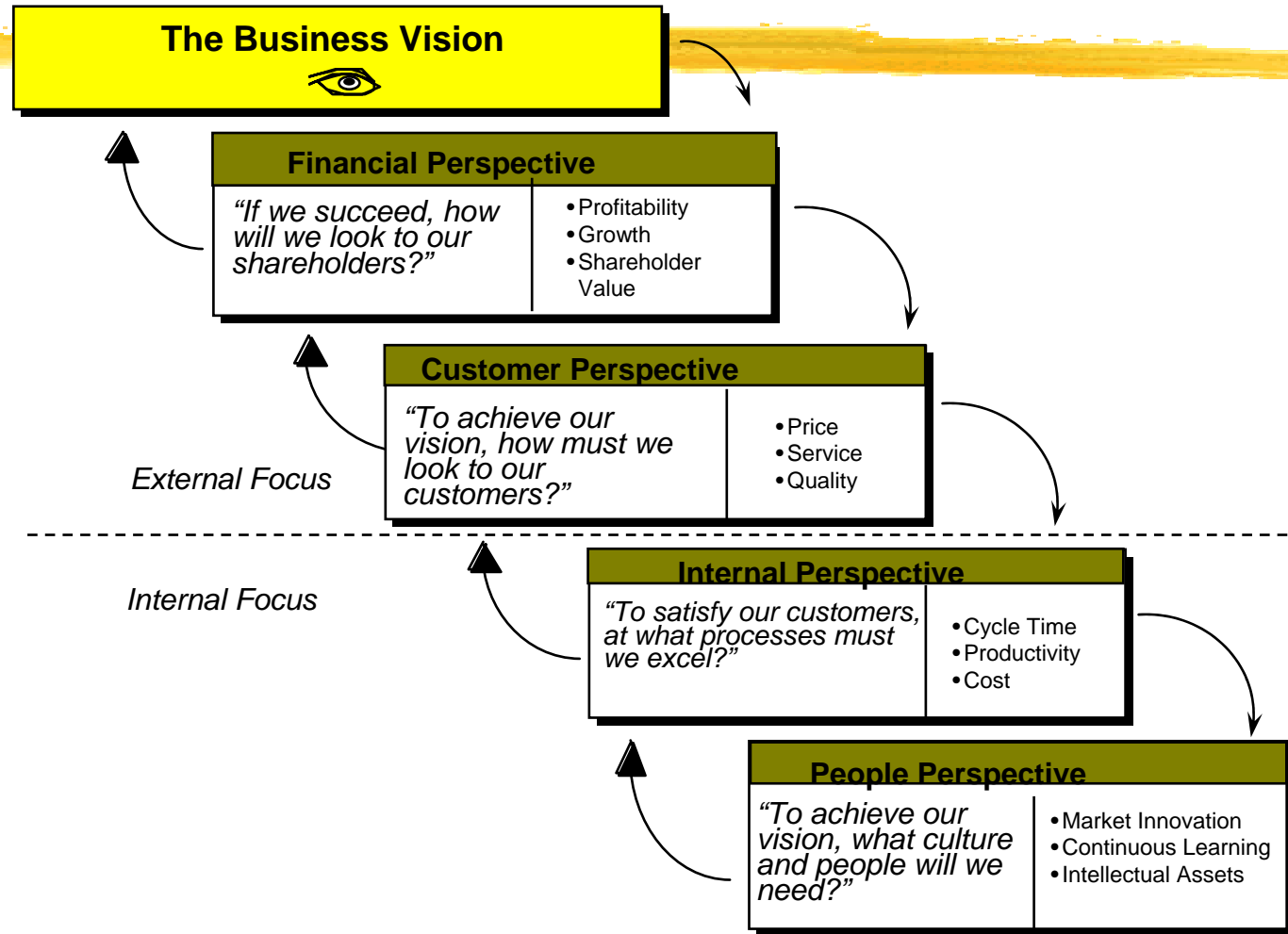
Improve & Do

Continuous

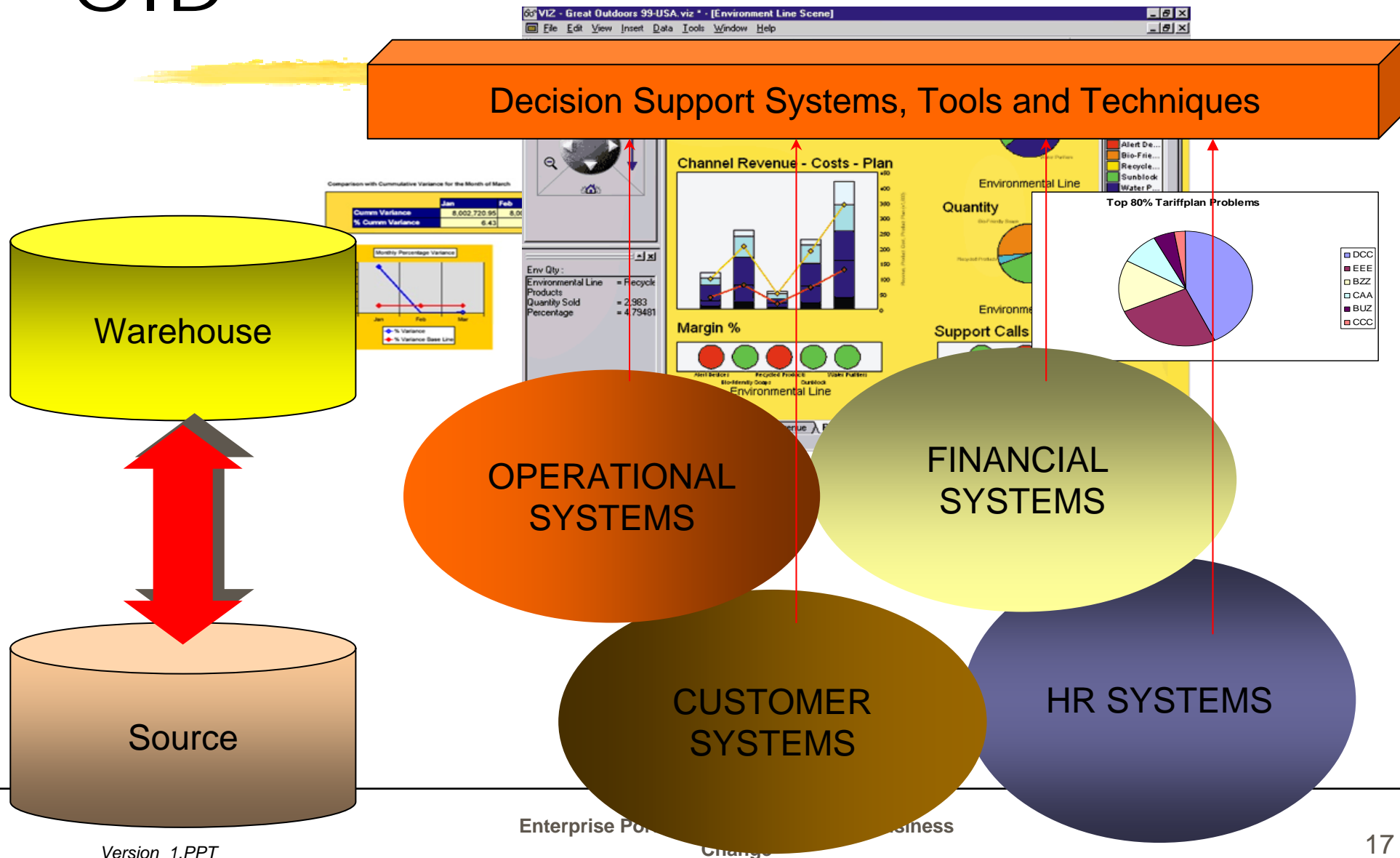
Continuous Improvement Program
Measures
Reward & Recognition

Balanced Scorecard

“management system which integrates an organization's strategic operating objectives with balanced performance measures as a basis of monitoring planned achievement and an indication of future performance”



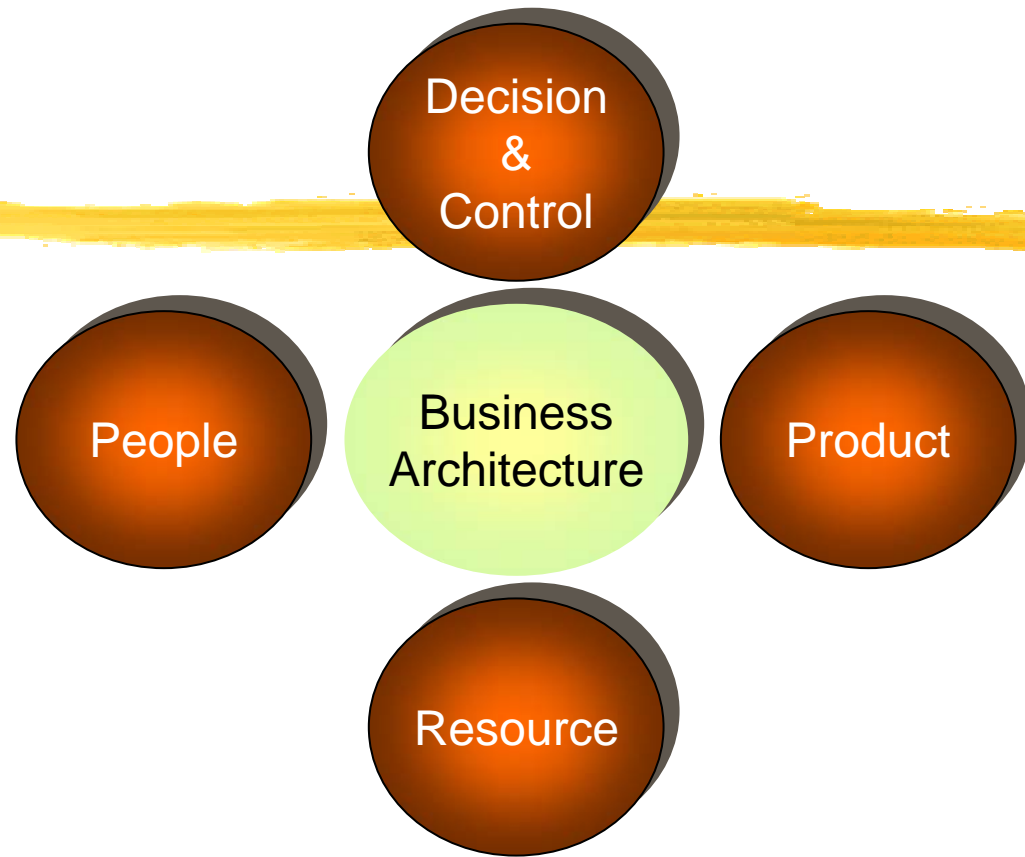
OID





Business Architectures

Horizontal view of detail

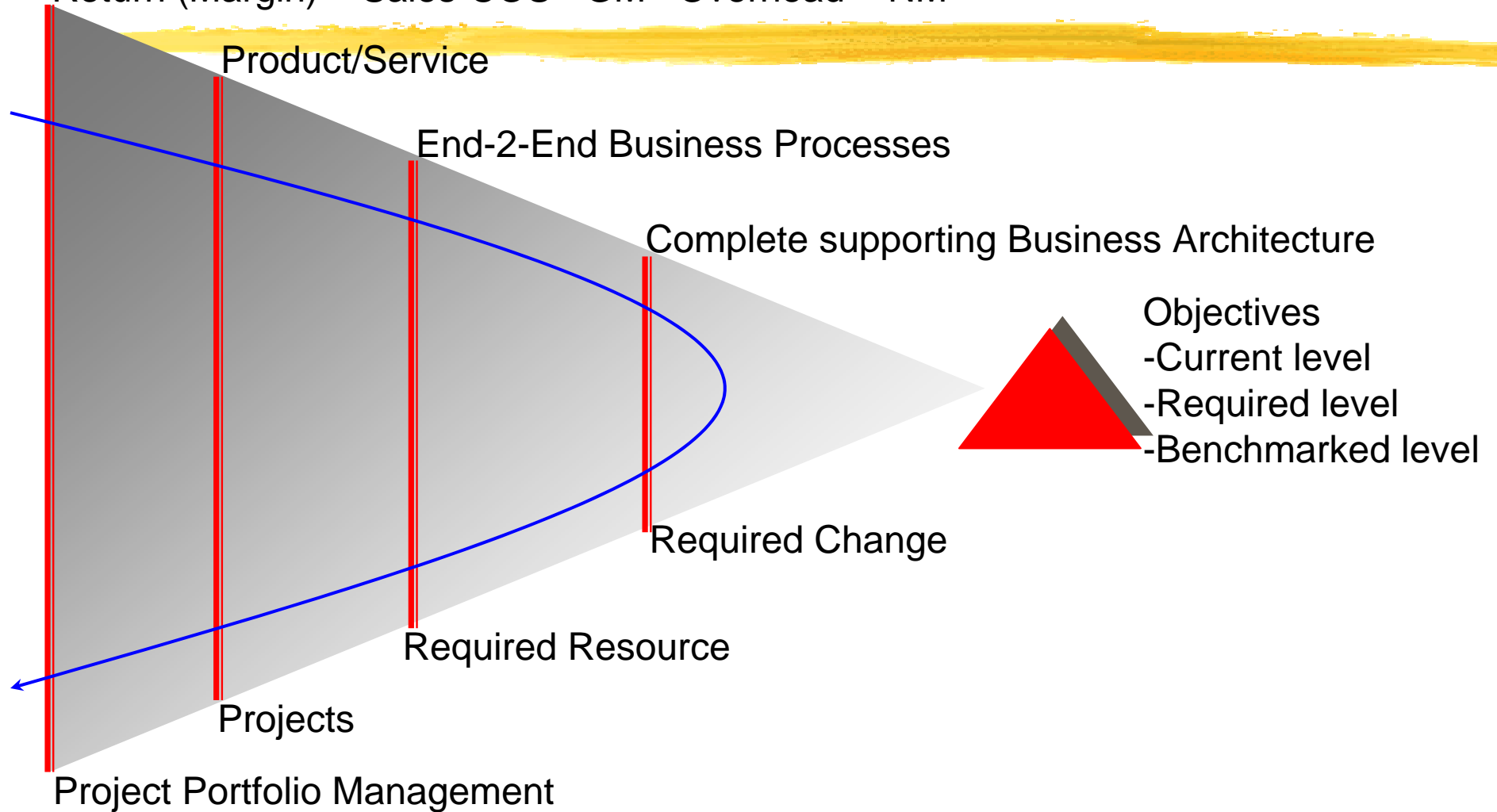


Vertical View of business

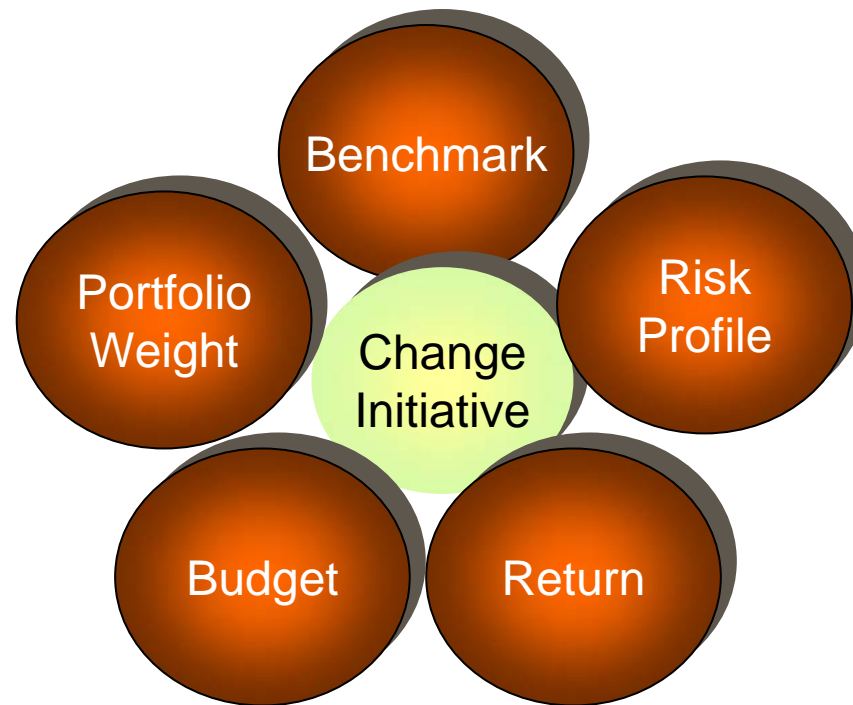
Change Life cycle

Change Management

$$\text{Return (Margin)} = \text{Sales} - \text{COS} = \text{GM} - \text{Overhead} = \text{NM}$$



Enterprise Portfolio Management



PART III: Managing change as a business investment



Example (before)

Portfolio

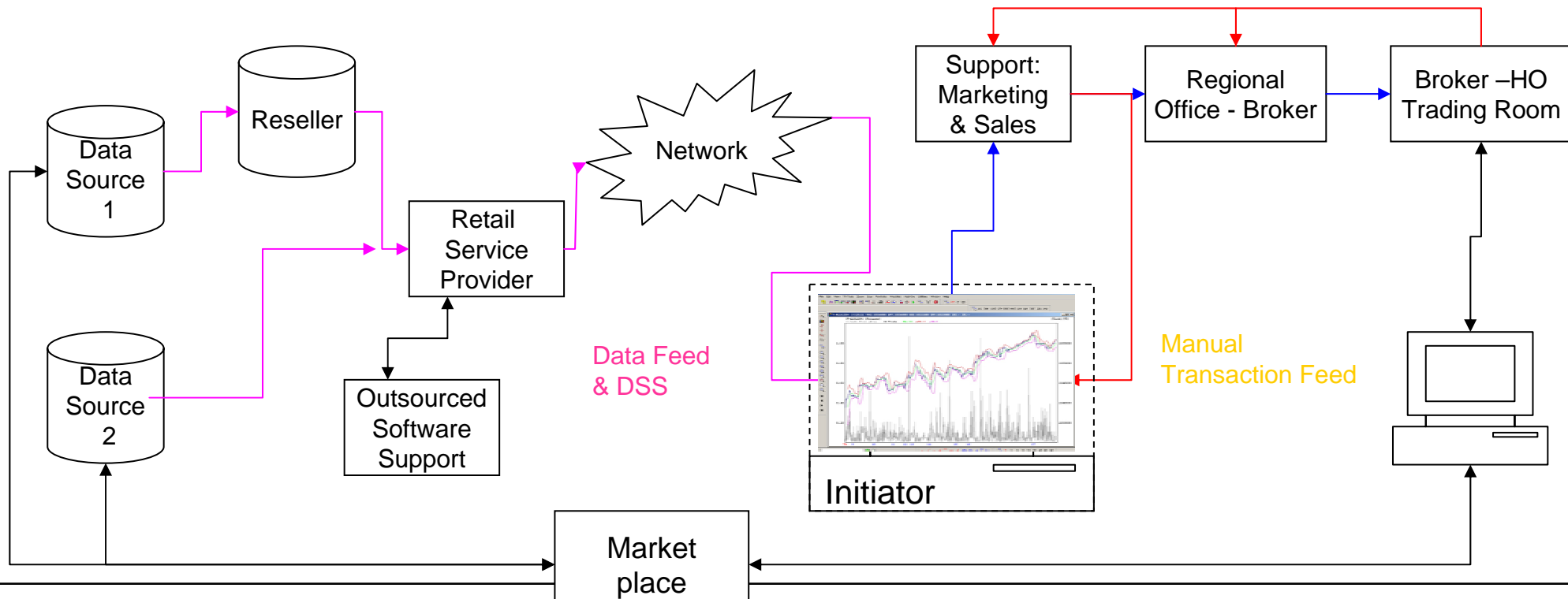
PRODUCT LINE	NM	BM
Trading	15 %	50 %
Consulting Services	35 %	40 %
Retail Investments	12 %	13 %

Project Portfolio

PROJECT
Project X

Business Case

PERFORMANCE
Time: 8-10 min
Cost: R105k/m
Risk: High



Example (After)

Portfolio

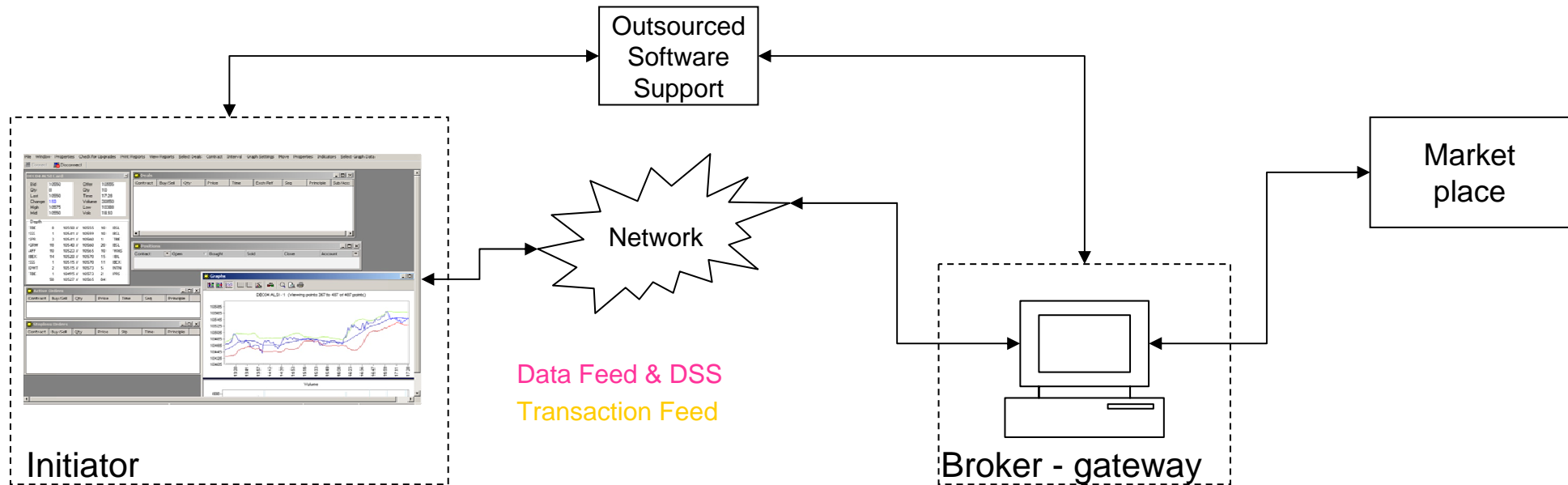
PRODUCT LINE	NM	BM
Trading	X %	50 %
Consulting Services	35 %	40 %
Retail Investments	12 %	13 %

Project Portfolio

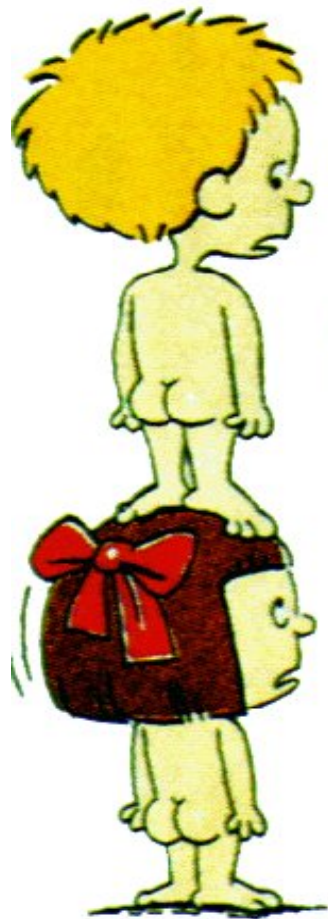
PROJECT
Project X

Business Case

PERFORMANCE
Time: real time
Cost: R30k /month
Risk: Controllable



PART IV: Key Success Factors



Okay, we took off our clothes, I got on top of you... How long 'til it starts feeling good?

I don't know but I've got a headache already!

- ⌘ Translation of Business Strategy to Operational Objectives
- ⌘ MIS – does it exist and is it relevant ?
- ⌘ Does the employee **understand** how the business functions and makes its money ?
- ⌘ Financial Systems shouldn't be a **lagging indicator** of the business – It represents the current state of well-being !

Q&A

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Thank You