

INTEGRATED FRAMEWORK FOR OPTIMISING ORGANISATION PERFORMANCE

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Introduction

- Investment Portfolio Manager versus Board of Directors
- Financial Market Investment Strategies drive asset classes and asset types
- Strategy and context drives investment actions
- Integrated framework to represent an organisation as an investment portfolio
- Intent is to ensure alignment for optimal performance

Drivers...- context

THE CRUNCH !



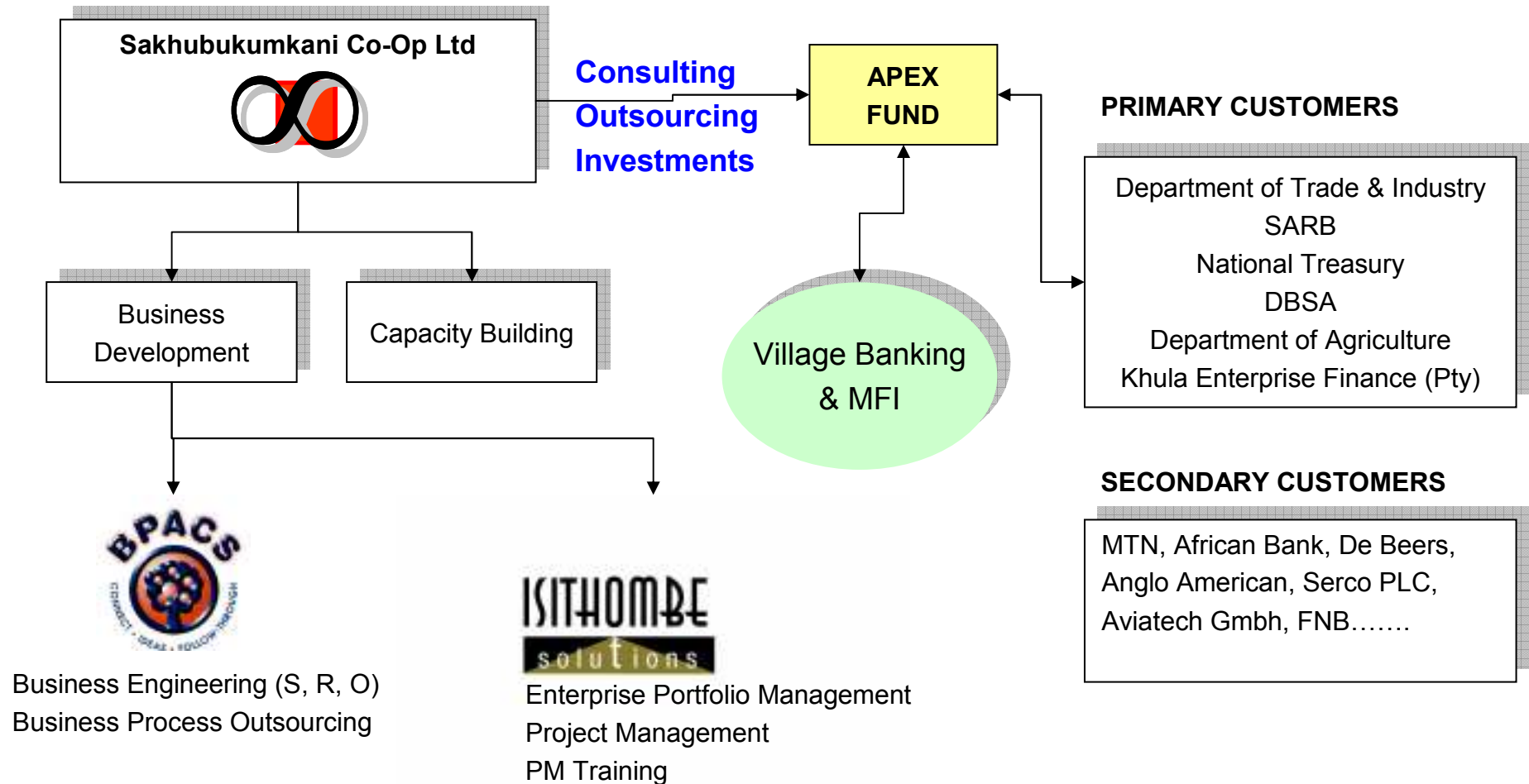
BUSINESS MATTERS



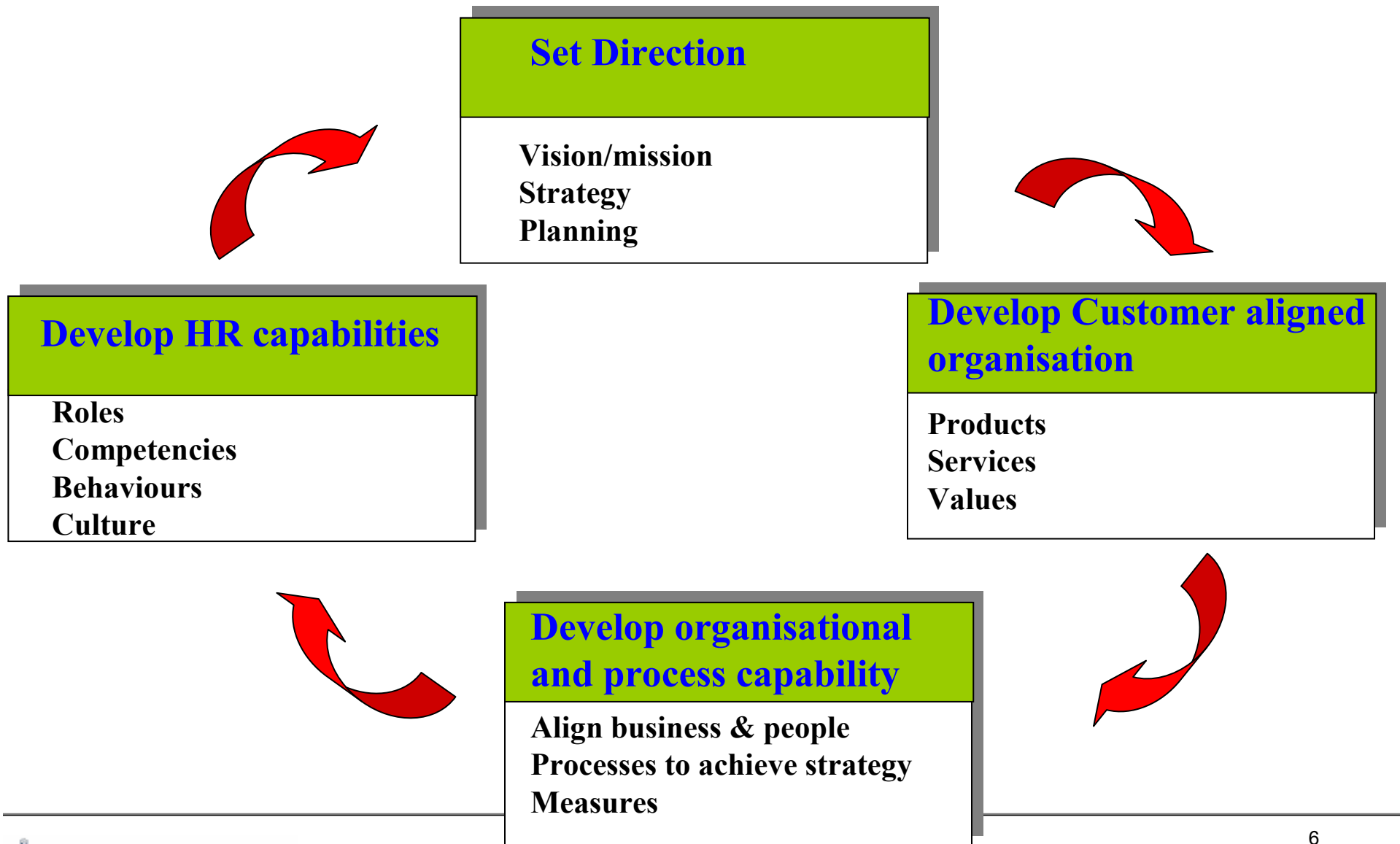
CONFUSION



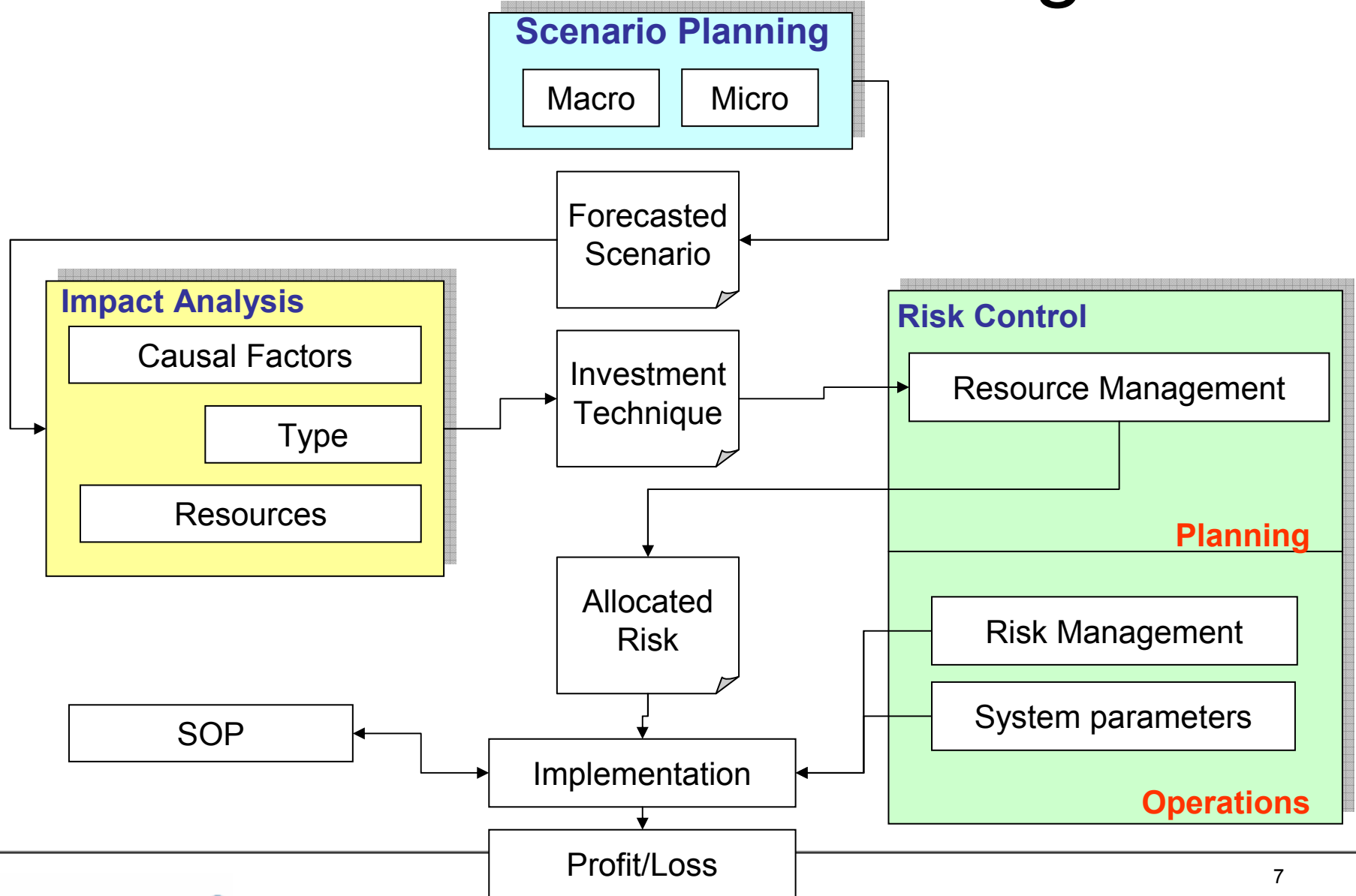
Who are we (strategy)?



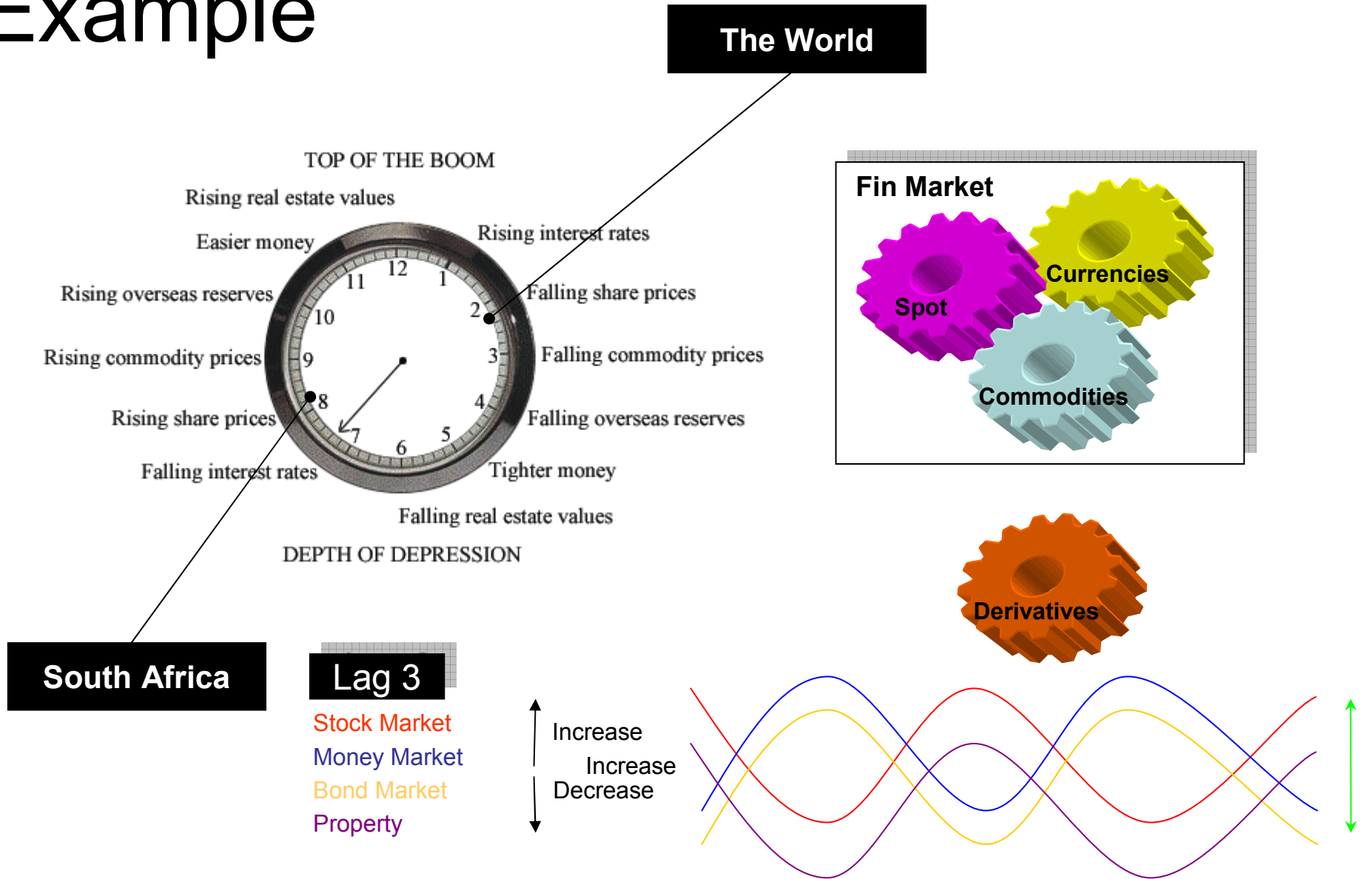
HOW DOES A SUCCESSFUL ORGANISATION WORK ?



Investment Portfolio Management

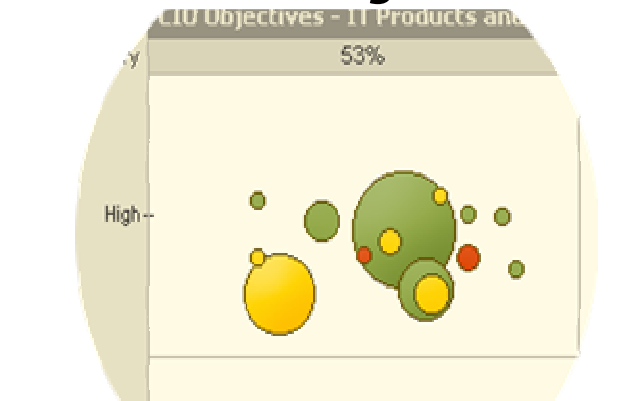


Example



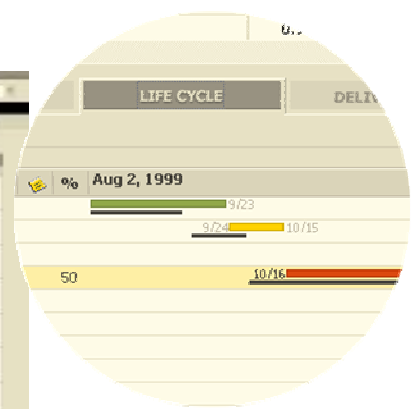
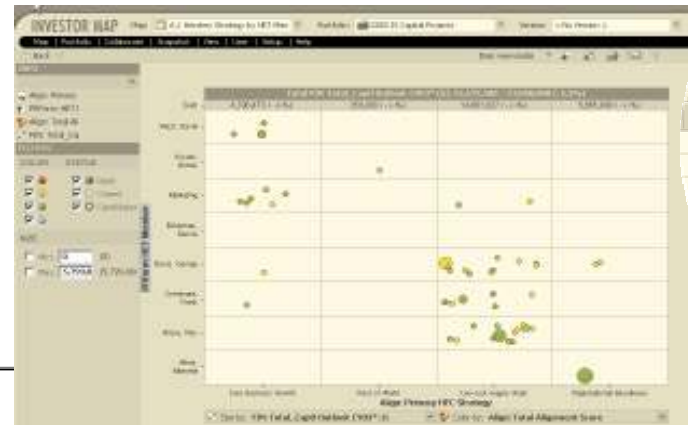
Project Portfolio Management

- 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

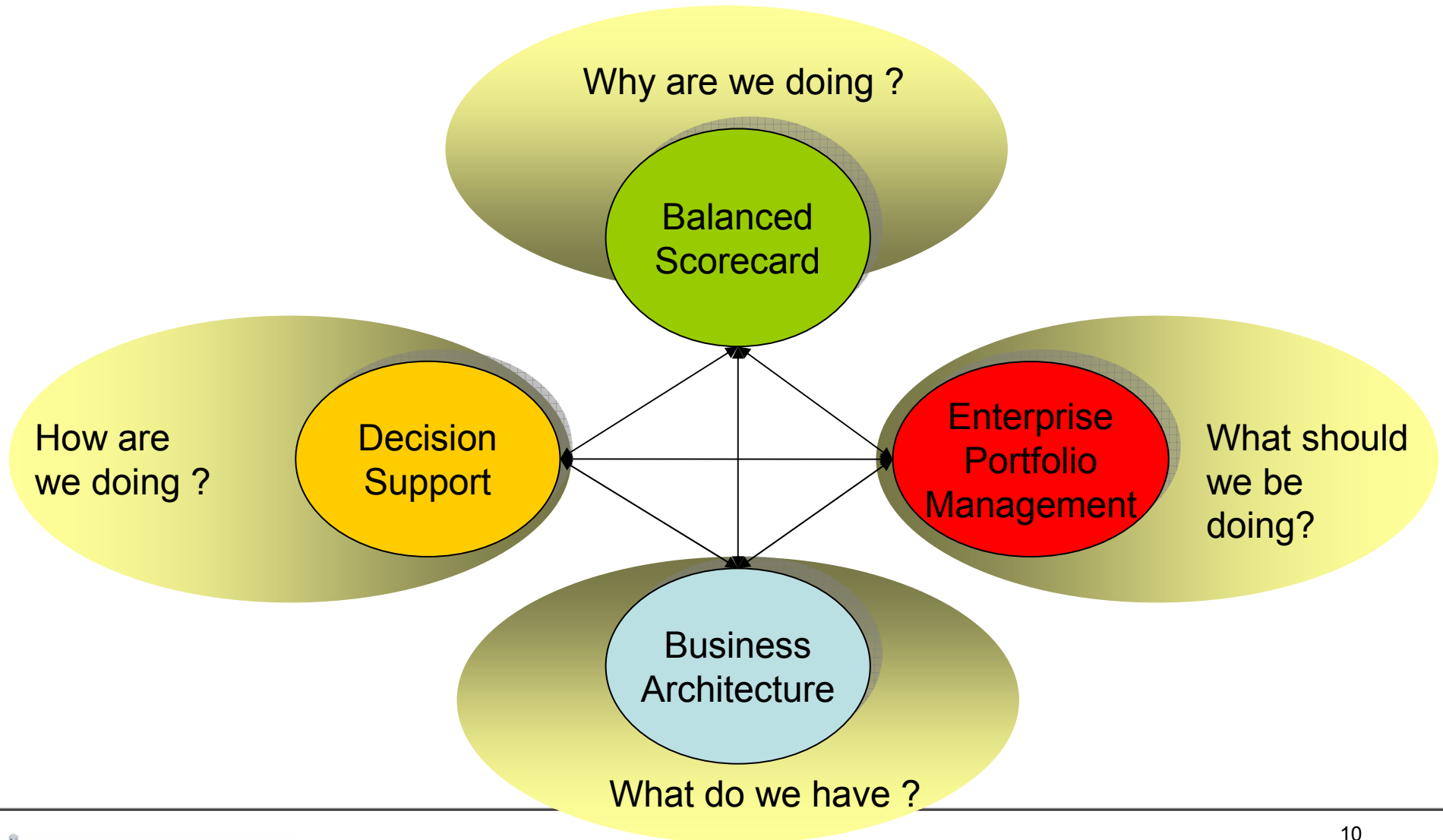


Project ID	Project Name	Project Manager	Start Date	End Date	Actual Cost	Actual Revenue	Actual Profit	Actual ROI
001	001-001 Project Change Management Portal	David, Bob	2002-01-01	2002-03-31	50,000	50,000	0	0%
002	002-002 ERP System Upgrade	Jane, Doe	2002-02-01	2002-05-31	100,000	100,000	0	0%
003	003-003 CRM System Upgrade	John, Smith	2002-03-01	2002-06-30	75,000	75,000	0	0%
004	004-004 HR System Upgrade	Patricia, White	2002-04-01	2002-07-31	120,000	120,000	0	0%
005	005-005 Customer Relationship Management	Michael, Green	2002-05-01	2002-08-31	150,000	150,000	0	0%
006	006-006 Supply Chain Management	Sarah, Black	2002-06-01	2002-09-30	180,000	180,000	0	0%
007	007-007 Business Process Re-engineering	Robert, Brown	2002-07-01	2002-10-31	200,000	200,000	0	0%
008	008-008 Enterprise Resource Planning	Linda, Gold	2002-08-01	2002-11-30	250,000	250,000	0	0%
009	009-009 Knowledge Management System	William, Silver	2002-09-01	2003-01-31	300,000	300,000	0	0%
010	010-010 Data Warehouse	Elizabeth, Copper	2002-10-01	2003-02-28	350,000	350,000	0	0%
011	011-011 Business Intelligence	Christopher, Iron	2002-11-01	2003-03-31	400,000	400,000	0	0%
012	012-012 Enterprise Portal	Michelle, Steel	2003-01-01	2003-04-30	450,000	450,000	0	0%
013	013-013 Customer Self-Service Portal	Donald, Lead	2003-02-01	2003-05-31	500,000	500,000	0	0%
014	014-014 Business Analytics	Stephanie, Zinc	2003-03-01	2003-06-30	550,000	550,000	0	0%
015	015-015 Data Mining	Kevin, Nickel	2003-04-01	2003-07-31	600,000	600,000	0	0%
016	016-016 Business Process Automation	Deborah, Tin	2003-05-01	2003-08-31	650,000	650,000	0	0%
017	017-017 Project Management System	Timothy, Lead	2003-06-01	2003-09-30	700,000	700,000	0	0%
018	018-018 Enterprise Reporting	Michelle, Zinc	2003-07-01	2003-10-31	750,000	750,000	0	0%
019	019-019 Project Portfolio Management	Christopher, Lead	2003-08-01	2003-11-30	800,000	800,000	0	0%
020	020-020 Business Process Improvement	Stephanie, Lead	2003-09-01	2004-01-31	850,000	850,000	0	0%
021	021-021 Business Process Automation	Kevin, Lead	2003-10-01	2004-02-28	900,000	900,000	0	0%
022	022-022 Business Process Automation	Deborah, Lead	2003-11-01	2004-03-31	950,000	950,000	0	0%
023	023-023 Business Process Automation	Timothy, Lead	2004-01-01	2004-04-30	1,000,000	1,000,000	0	0%

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

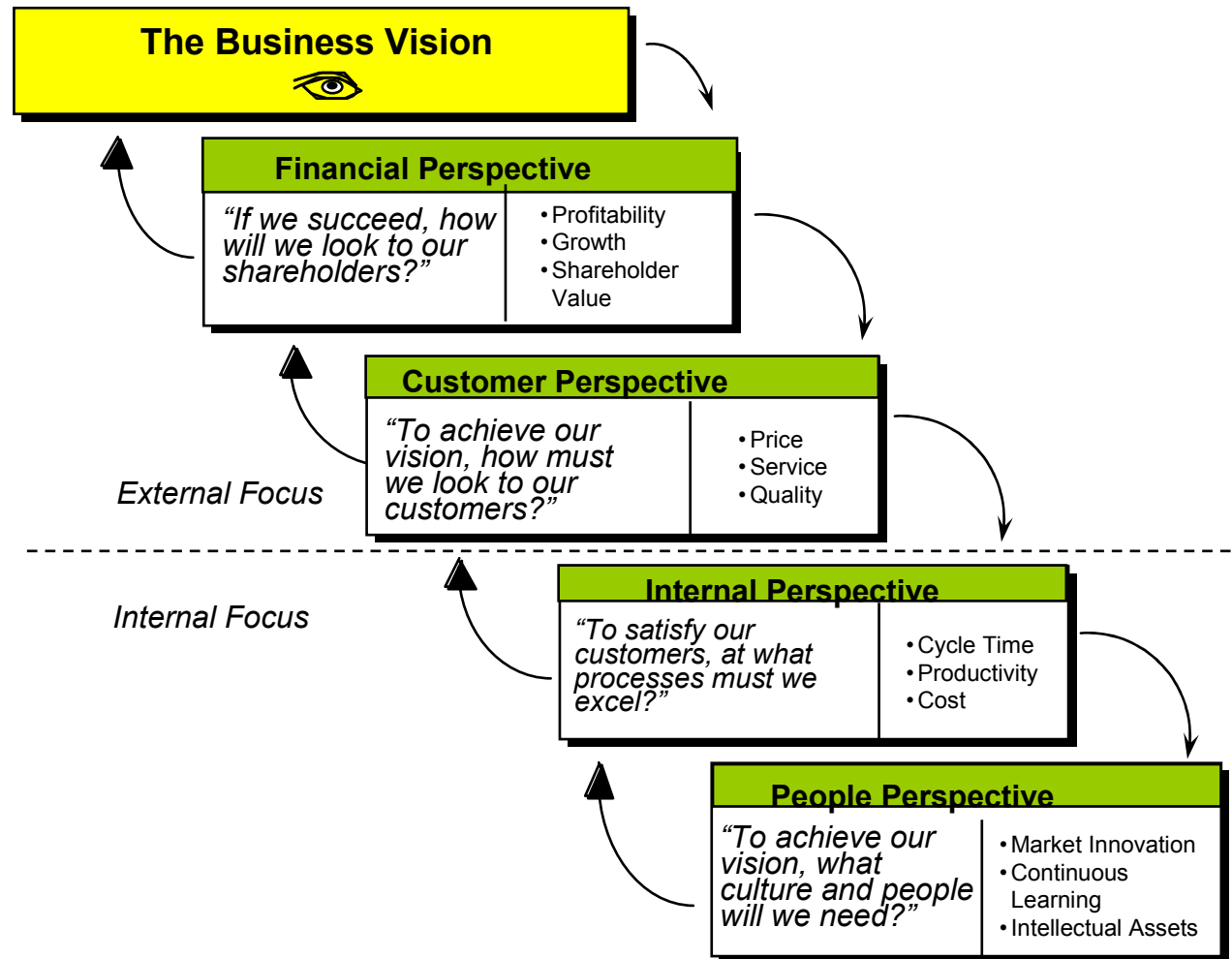


Integrated Framework

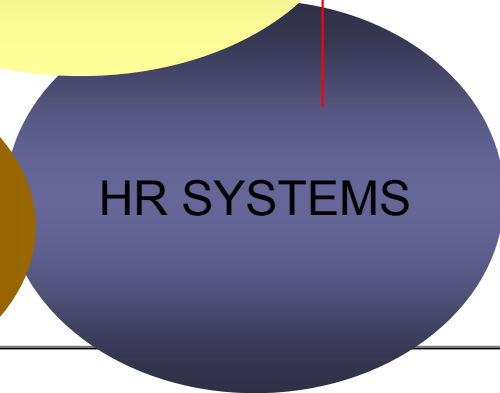
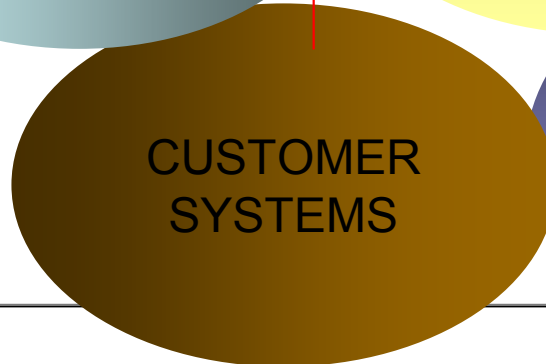
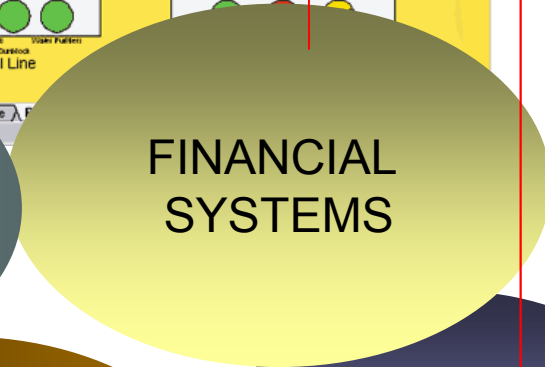
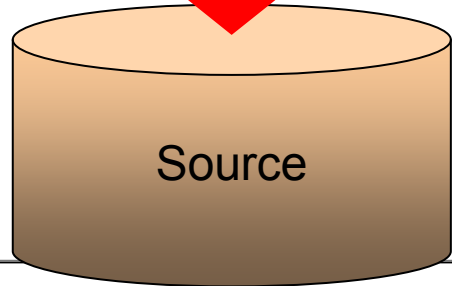
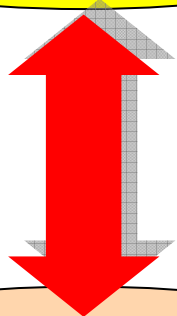
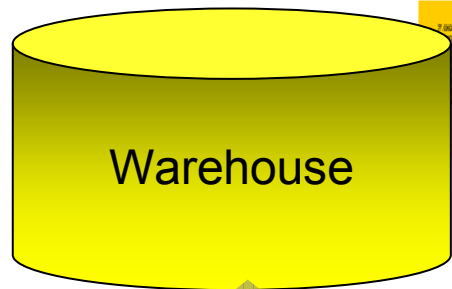
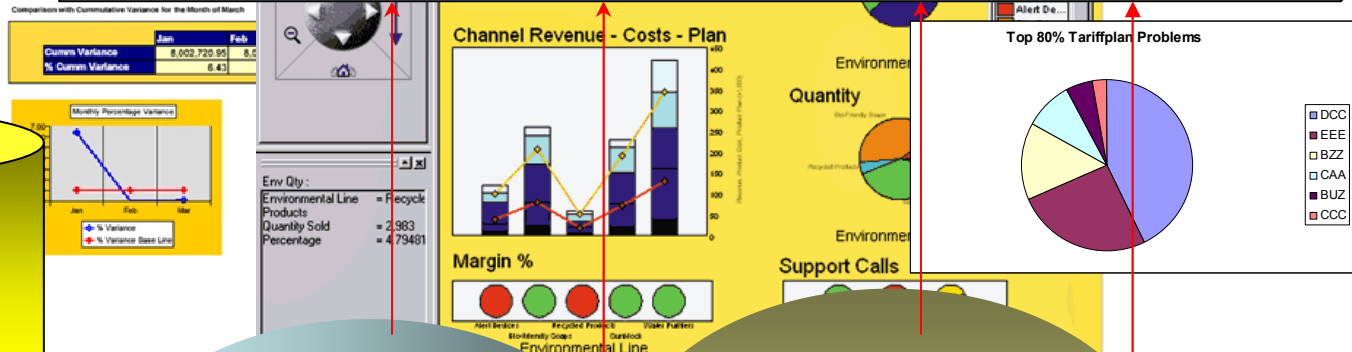
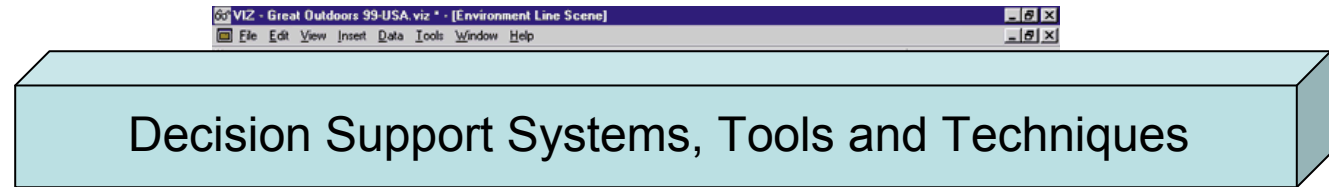


Balanced Scorecard







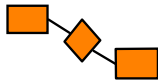
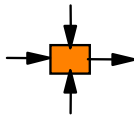
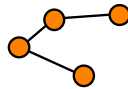
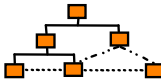
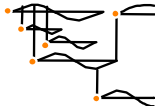
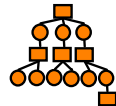
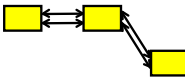
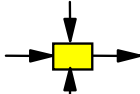
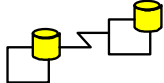
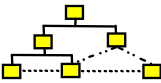
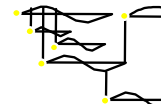
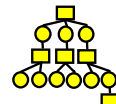
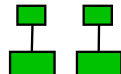
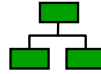
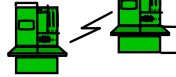
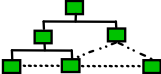
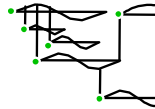
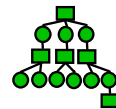






“management system which integrates an organisation’s strategic operating objectives with balanced performance measures as a basis of monitoring planned achievement and an indication of future performance”



Decision Support

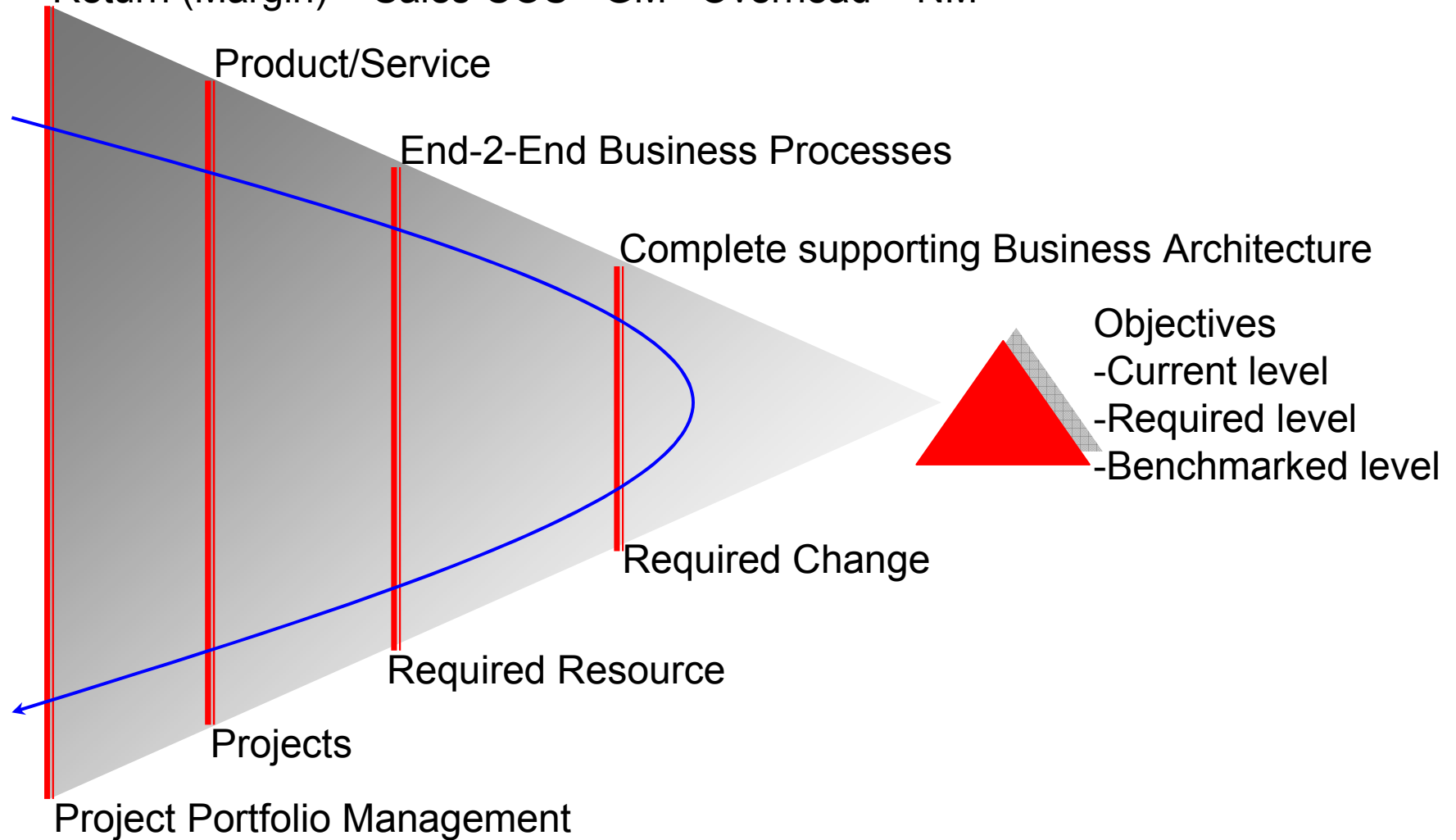


Business Architecture

	DATA <i>What</i>	FUNCTION <i>How</i>	NETWORK <i>Where</i>	PEOPLE <i>Who</i>	TIME <i>When</i>	MOTIVATION <i>Why</i>	
SCOPE (CONTEXTUAL) <i>Planner</i>	List of Things Important to the Business  ENTITY = Class of Business Thing	List of Processes the Business Performs  Function = Class of Business Process	List of Locations in which the Business Operates  Node = Major Business Location	List of Organizations Important to the Business  People = Major Organizations	List of Events Significant to the Business  Time = Major Business Event	List of Business Goals/Strat  Ends/Means=Major Bus. Goal/ Critical Success Factor	SCOPE (CONTEXTUAL) <i>Planner</i>
ENTERPRISE MODEL (CONCEPTUAL) <i>Owner</i>	e.g. Semantic Model  Ent = Business Entity ReIn = Business Relationship	e.g. Business Process Model  Proc. = Business Process I/O = Business Resources	e.g. Logistics Network  Node = Business Location Link = Business Linkage	e.g. Work Flow Model  People = Organization Unit Work = Work Product	e.g. Master Schedule  Time = Business Event Cycle = Business Cycle	e.g. Business Plan  End = Business Objective Means = Business Strategy	ENTERPRISE MODEL (CONCEPTUAL) <i>Owner</i>
SYSTEM MODEL (LOGICAL) <i>Designer</i>	e.g. Logical Data Model  Ent = Data Entity ReIn = Data Relationship	e.g. "Application Architecture"  Proc. = Application Function I/O = User Views	e.g. "Distributed System Architecture"  Node = I/S Function (Processor, Storage, etc.) Link = Line Characteristics	e.g. Human Interface Architecture  People = Role Work = Deliverable	e.g. Processing Structure  Time = System Event Cycle = Processing Cycle	e.g., Business Rule Model  End = Structural Assertion Means = Action Assertion	SYSTEM MODEL (LOGICAL) <i>Designer</i>
TECHNOLOGY MODEL (PHYSICAL) <i>Builder</i>	e.g. Physical Data Model  Ent = Segment/Table/etc. ReIn = Pointer/Key/etc.	e.g. "System Design"  Proc. = Computer Function I/O = Screen/Device Formats	e.g. "System Architecture"  Node = Hardware/System Software Link = Line Specifications	e.g. Presentation Architecture  People = User Work = Screen Format	e.g. Control Structure  Time = Execute Cycle = Component Cycle	e.g. Rule Design  End = Condition Means = Action	TECHNOLOGY CONSTRAINED MODEL (PHYSICAL) <i>Builder</i>
DETAILED REPRESENTATIONS (OUT-OF-CONTEXT) <i>Sub-Contractor</i>	e.g. Data Definition  Ent = Field ReIn = Address	e.g. "Program"  Proc. = Language Stmt I/O = Control Block	e.g. "Network Architecture"  Node = Addresses Link = Protocols	e.g. Security Architecture  People = Identity Work = Job	e.g. Timing Definition  Time = Interrupt Cycle = Machine Cycle	e.g. Rule Specification  End = Sub-condition Means = Step	DETAILED REPRESENTATIONS (OUT-OF-CONTEXT) <i>Sub-Contractor</i>
FUNCTIONING ENTERPRISE	e.g. DATA	e.g. FUNCTION	e.g. NETWORK	e.g. ORGANIZATION	e.g. SCHEDULE	e.g. STRATEGY	FUNCTIONING ENTERPRISE

Enterprise Portfolio Management

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



Example (before)

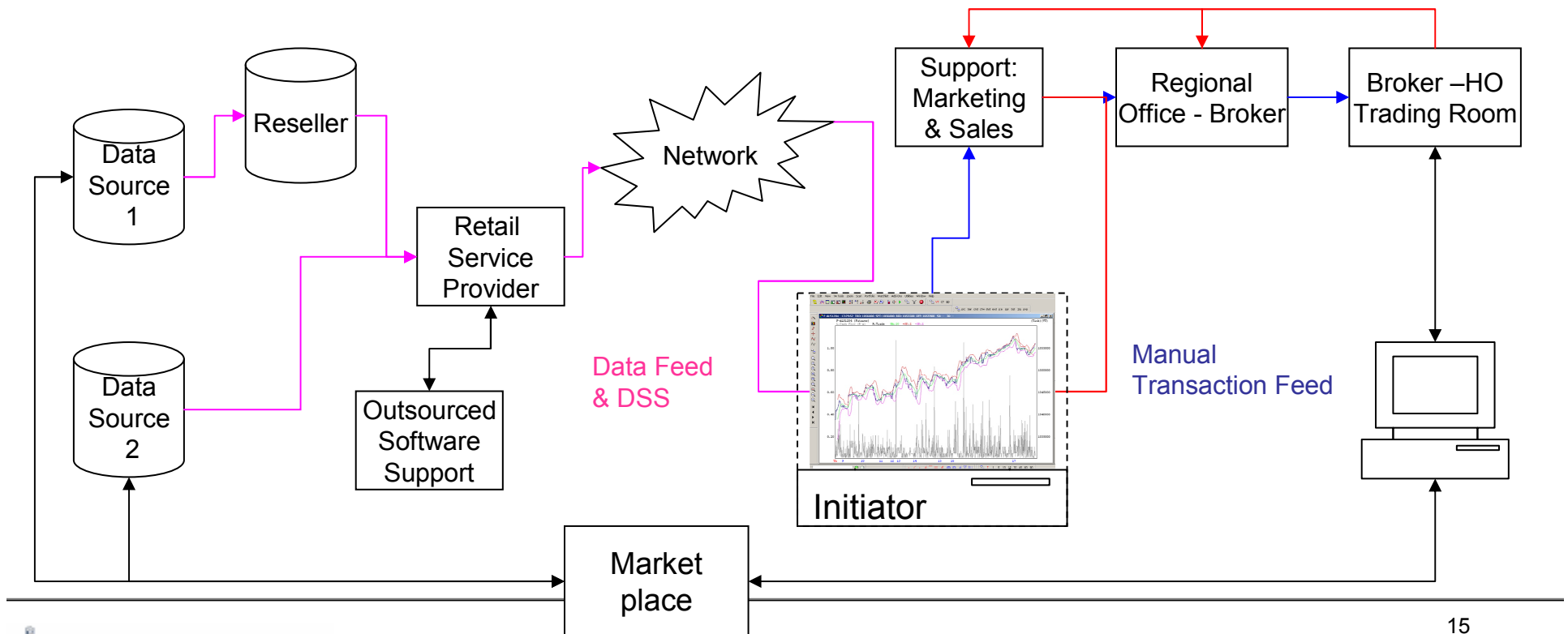
Portfolio

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

Project Portfolio Business Case

PROJECT
Project X

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



Example (After)

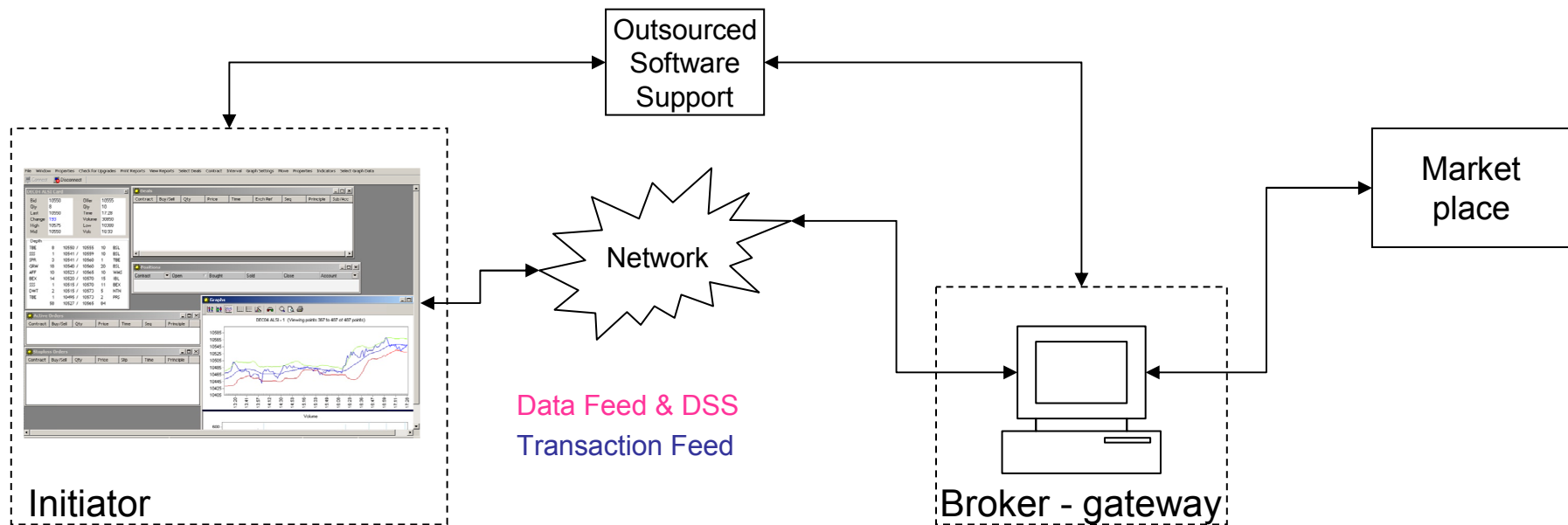
Portfolio

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

Project Portfolio Business Case

PROJECT
Project X

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



Conclusion



- **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