Using Enterprise Portfolio Management for Business Change Management

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This presentation aims to address

- 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

Scenario Planning
- Macro
- Micro

Impact Analysis
- Causal Factors
- Type
- Resources

Forecasted Scenario

Investment Technique

Allocated Risk

Implementation
- Profit/Loss

Risk Control
- Resource Management

Planning
- Risk Management

Operations
- System parameters

SOP
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
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?

Set Direction

Vision/mission
Strategy
Planning

Develop HR capabilities
Roles
Competencies
Behaviours
Culture

Develop Customer aligned organization
Products
Services
Values

Develop organizational and process capability
Align business & people
Processes to achieve strategy
Measures
Why Change?

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

Productivity Enhancement

“Profitably create new markets, and build new businesses”

New Market

“Profitably grow the size of the market and expand share of it”

Market Expansion
The Cycle of Change

Set performance objectives

Establish baseline

Evaluate performance

Implement

Design

Evaluate improvement opportunities and investment options
Impact of Change

Shareholder

Management Systems

Structure

Processes

Products

Vendors & Partners

Customers

Supports

requires

demands

reinforces

fosters

enables

enables

Supports
The scope of change: The Business Lifecycle

**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?

**REVISE SYSTEM**
How do we manage growth and change over time?

**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?

**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?

**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?
Business Change Framework

Why are we doing?
Balanced Scorecard

Organization Information Dynamics

Change Initiative Enterprise Portfolio

Change Management

What should we be doing?

Project Management

How are we doing?

What do we have?

Business Architecture

Enterprise Portfolio Management and Business Change
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

Wits Business School
University of the Witwatersrand
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”

The Business Vision

Financial Perspective
“If we succeed, how will we look to our shareholders?”
- Profitability
- Growth
- Shareholder Value

Customer Perspective
“To achieve our vision, how must we look to our customers?”
- Price
- Service
- Quality

Internal Perspective
“To satisfy our customers, at what processes must we excel?”
- Cycle Time
- Productivity
- Cost

People Perspective
“To achieve our vision, what culture and people will we need?”
- Market Innovation
- Continuous Learning
- Intellectual Assets

External Focus
Internal Focus
Decision Support Systems, Tools and Techniques

Top 80% Tariff Plan Problems

Warehouse

Source

OPERATIONAL SYSTEMS

FINANCIAL SYSTEMS

CUSTOMER SYSTEMS

HR SYSTEMS

HR SYSTEMS

Version_1.PPT
Business Architectures

Decision & Control
People
Product
Resource

Horizontal view of detail

Vertical View of business

Change Life cycle
Change Management

Return (Margin) = Sales-COS= GM –Overhead = NM

Product/Service
End-2-End Business Processes
Complete supporting Business Architecture

Objectives
-Current level
-Required level
-Benchmarked level

Required Change
Required Resource
Projects
Project Portfolio Management
Enterprise Portfolio Management

Benchmark

Portfolio Weight

Change Initiative

Risk Profile

Budget

Return
PART III: Managing change as a business investment
Example (before)

Portfolio

<table>
<thead>
<tr>
<th>PRODUCT LINE</th>
<th>NM</th>
<th>BM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading</td>
<td>15%</td>
<td>50%</td>
</tr>
<tr>
<td>Consulting Services</td>
<td>35%</td>
<td>40%</td>
</tr>
<tr>
<td>Retail Investments</td>
<td>12%</td>
<td>13%</td>
</tr>
</tbody>
</table>

Project Portfolio

<table>
<thead>
<tr>
<th>PROJECT</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project X</td>
<td></td>
</tr>
</tbody>
</table>

Business Case

<table>
<thead>
<tr>
<th>PERFORMANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time: 8-10 min</td>
</tr>
<tr>
<td>Cost: R105k/m</td>
</tr>
<tr>
<td>Risk: High</td>
</tr>
</tbody>
</table>

Data Source 1

Reseller

Retail Service Provider

Network

Data Source 2

Outsourced Software Support

Initiator

Market place

Support: Marketing & Sales

Regional Office - Broker

Broker - HO Trading Room

Data Feed & DSS

Manual Transaction Feed
Example (After)

Portfolio

<table>
<thead>
<tr>
<th>PRODUCT LINE</th>
<th>NM</th>
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<tr>
<td>Trading</td>
<td>X%</td>
<td>50%</td>
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Project Portfolio

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Business Case

<table>
<thead>
<tr>
<th>PERFORMANCE</th>
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</thead>
<tbody>
<tr>
<td>Time: real time</td>
</tr>
<tr>
<td>Cost: R30k/month</td>
</tr>
<tr>
<td>Risk: Controllable</td>
</tr>
</tbody>
</table>

Initiator

Outsourced Software Support

Network

Broker - gateway

Market place

Data Feed & DSS

Transaction Feed
PART IV: Key Success Factors

- 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

Thank You