INTEGRATED FRAMEWORK FOR OPTIMISING ORGANISATION PERFORMANCE

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  – Background
  – Drivers for this framework
  – Who are we?
  – What does a successful organisation look like?
• Portfolio Management for Investments & Projects
• Integrated Framework
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• Conclusion
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
Integrated Framework for Optimising Organisation Performance

Who are we (strategy)?

Sakhubukumkani Co-Op Ltd

- Consulting
- Outsourcing
- Investments

Primary Customers:
- Department of Trade & Industry
- SARB
- National Treasury
- DBSA
- Department of Agriculture
- Khula Enterprise Finance (Pty)

Secondary Customers:
- MTN, African Bank, De Beers, Anglo American, Serco PLC, Aviatech GmbH, FNB……

- Business Development
- Capacity Building

Village Banking & MFI

- Business Engineering (S, R, O)
- Business Process Outsourcing

- Enterprise Portfolio Management
- Project Management
- PM Training
HOW DOES A SUCCESSFUL ORGANISATION WORK?

Set Direction
- Vision/mission
- Strategy
- Planning

Develop HR capabilities
- Roles
- Competencies
- Behaviours
- Culture

Develop Customer aligned organisation
- Products
- Services
- Values

Develop organisational and process capability
- Align business & people
- Processes to achieve strategy
- Measures
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Investment Portfolio Management

Impact Analysis
- Causal Factors
- Type
- Resources

Scenario Planning
- Macro
- Micro

Forecasted Scenario

Investment Technique

Allocated Risk

Implementation

Profit/Loss

Risk Control
- Resource Management

Risk Management

System parameters

Planning

Operations
Example

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The World

South Africa

Stock Market
Money Market
Bond Market
Property

Lag 3

TOP OF THE BOOM
Rising real estate values
Easier money
Rising overseas reserves
Rising commodity prices
Rising share prices
Falling interest rates
Falling share prices
Falling commodity prices
Falling overseas reserves
Falling real estate values

DEPTH OF DEPRESSION

Fin Market
Currencies
Commodities
Derivatives

Increase
Increase
Decrease
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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
Integrated Framework for Optimising Organisation Performance

Integrated Framework

Why are we doing?

Balanced Scorecard

How are we doing?

Decision Support

What should we be doing?

Enterprise Portfolio Management

What do we have?

Business Architecture
Balanced Scorecard

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

“If we succeed, how will we look to our shareholders?”

“To achieve our vision, how must we look to our customers?”

“To satisfy our customers, at what processes must we excel?”

“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”
Integrated Framework for Optimising Organisation Performance

Decision Support

Decision Support Systems, Tools and Techniques

Warehouse

Source

OPERATIONAL SYSTEMS

FINANCIAL SYSTEMS

CUSTOMER SYSTEMS

HR SYSTEMS
## Business Architecture

<table>
<thead>
<tr>
<th>SCOPE (CONTEXTUAL)</th>
<th>DATA</th>
<th>PEOPLE</th>
<th>TIME</th>
<th>MOTIVATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planner</td>
<td>List of Things Important to the Business</td>
<td>List of Organizations Important to the Business</td>
<td>1st of Events Significant to the Business</td>
<td>List of Business Goals/Strategies</td>
</tr>
<tr>
<td>Owner</td>
<td>Ent = Business Entity&lt;br&gt;Rein = Business Relationship</td>
<td>Node = Major Business Location</td>
<td>People = Major Organizations</td>
<td>Time = Major Business Event</td>
</tr>
<tr>
<td>ENTERPRISE MODEL (CONCEPTUAL)</td>
<td>e.g. Semantic Model</td>
<td>e.g. Logistics Network</td>
<td>e.g. Work Flow Model</td>
<td>e.g. Master Schedule</td>
</tr>
<tr>
<td>Owner</td>
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<td>Node = Major Business Location</td>
<td>People = Major Organizations</td>
<td>Time = Major Business Event</td>
</tr>
<tr>
<td>SYSTEM MODEL (LOGICAL)</td>
<td>e.g. Logical Data Model</td>
<td>e.g. &quot;Application Architecture&quot;</td>
<td>e.g. Human Interface Architecture</td>
<td>e.g. Business Plan</td>
</tr>
<tr>
<td>Designer</td>
<td>Ent = Data Entity&lt;br&gt;Rein = Data Relationship</td>
<td>Node = Business Location</td>
<td>People = Role</td>
<td>End = Business Objective</td>
</tr>
<tr>
<td>TECHNOLOGY MODEL (PHYSICAL)</td>
<td>e.g. Physical Data Model</td>
<td>e.g. &quot;System Design&quot;</td>
<td>e.g. &quot;System Architecture&quot;</td>
<td>e.g. Business Rule Model</td>
</tr>
<tr>
<td>Builder</td>
<td>Ent = Segment/Table/etc.&lt;br&gt;Rein = Pointer/Key/etc.</td>
<td>Node = Hardware/System Software Link = Line Specifications</td>
<td>People = User</td>
<td>End = Condition</td>
</tr>
<tr>
<td>DETAILED REPRESENTATIONS (OUT-OF-CONTEXT)</td>
<td>e.g. Data Definition</td>
<td>e.g. &quot;Network Architecture&quot;</td>
<td>e.g. Security Architecture</td>
<td>e.g. Rule Specification</td>
</tr>
<tr>
<td>Sub-Contractor</td>
<td>Ent = Field&lt;br&gt;Rein = Address</td>
<td>Node = Addresses Link = Protocols</td>
<td>People = Identity</td>
<td>End = Sub-condition</td>
</tr>
<tr>
<td>FUNCTIONING ENTERPRISE</td>
<td>e.g. DATA</td>
<td>e.g. FUNCTION</td>
<td>e.g. NETWORK</td>
<td>e.g. SCHEDULE</td>
</tr>
</tbody>
</table>

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

Business Case

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

Data Sources and Support:

1. Data Source 1
2. Data Source 2

- Reseller
- Retail Service Provider
- Outsourced Software Support
- Network
- Support: Marketing & Sales
- Regional Office - Broker
- Broker - HO Trading Room
- Market place
- Initiator
- Data Feed & DSS
- Manual Transaction Feed
Integrated Framework for Optimising Organisation Performance

Example (After)

<table>
<thead>
<tr>
<th>Portfolio</th>
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<tbody>
<tr>
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<td>PROJECT</td>
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<td>Project X</td>
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<table>
<thead>
<tr>
<th>Business Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERFORMANCE</td>
</tr>
<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

Data Feed & DSS
Transaction Feed

Network

Market place

Broker - gateway
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