

ITWeb
BPM 2013
SUMMIT



Adopting a focused approach to strategic business improvement

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#ITWebBPM

Agenda

Adopting a focused approach to strategic business improvement



1. What IS strategy?
2. What are markets and how do you measure Market Attractiveness and Market Critical Success Factors?
3. Strategic driving force
4. Why market focused strategy is THE fundamental arbiter of strategic change
5. How to drive business improvement from an understanding of Strategic Marketing fundamentals
6. Case study

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Adopting a focused approach to strategic business improvement



1. What IS strategy?

What is strategy?



Tactics – Doing things right →

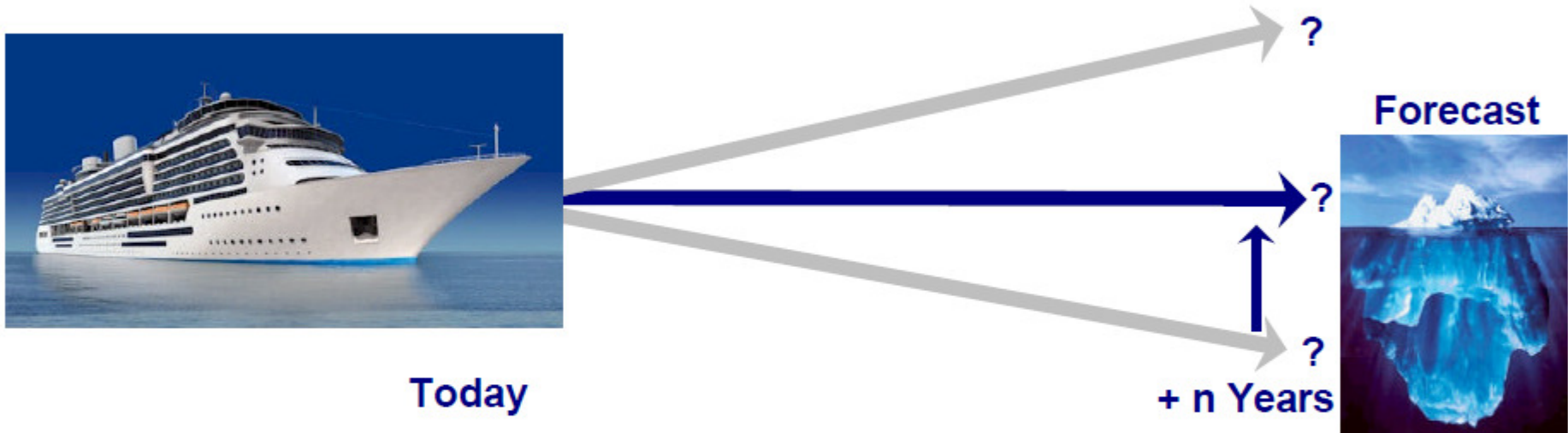


Strategy – Doing the right things →

The time dependency of strategy



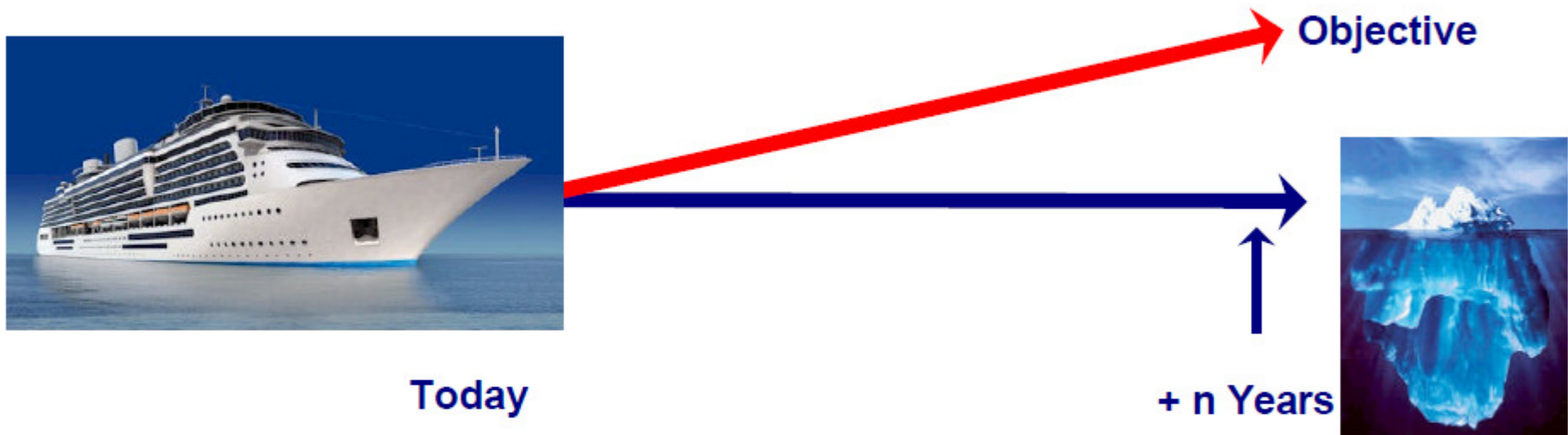
Not a forecast



The time dependency of strategy



Not an objective



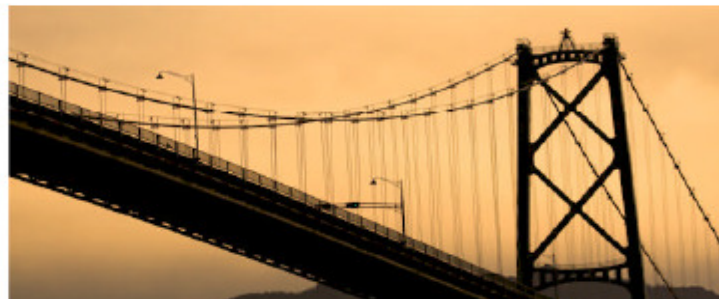
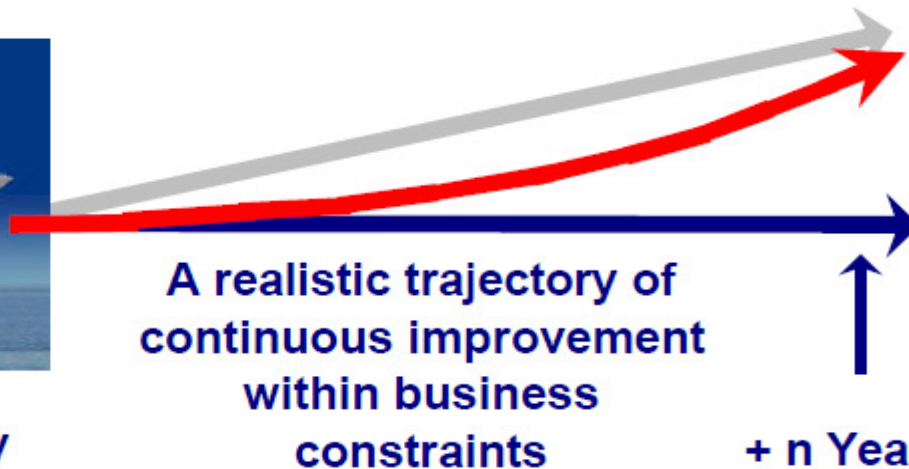
The time dependency of strategy



Strategic plan -- the path to competitive advantage



Today



The time dependency of strategy

"From Good to GREAT" by Jim Collins

Gillette Case Study



The time dependency of strategy



Strategic plan -- the path to competitive advantage



Professor Malcolm McDonald - <http://www.malcolm-mcdonald.com/>

COLMAN MOCKLER'S TRIUMPH

Cumulative Value of \$1 Invested, 1976 – 1996

Gillette versus Takeover Bid and Market



\$75

\$50

\$25

0
1976

1986

General Market: \$14.92

1991 1996
Mockler End of Retires Study

1975
Colman Mockler Appointed CEO

1986
Hostile Takeover Thwarted

44% Premium Offered in Takeover Bid

Takeover Bid Performance: \$30.40

Some vital considerations in designing and implementing strategic plans



1. Context to the presentation that follows
2. Vital principles that must be understood in order to develop and implement strategic plans that work
3. Consolidated view based on more than three decades of strategic experience

An **ENGINEERING** approach to strategy and business improvement



Engineers do NOT design bridges to stand up



They design bridges NOT to fall down



Some harsh facts



1. Seventy percent of I.T. investments fail TOTALLY
2. "19 out of 20 ERP implementations "do not deliver what was promised"
3. Seventy percent of BPM investments fail
4. **Ninety percent of strategic plans fail**



**How does one prevent failure?
and thereby achieve SUCCESS?**

What is NOT an engineering approach?



What IS Strategy?



The Essence of WHY the Organization exists and HOW it THRIVES

1. Virtually NEVER changes
2. Intuited
3. Discovered NOT invented

Three alternative ERP value scenarios Unlocking the TRUE potential of ERP 100 / 1,000 x the norm ???

This is the ONLY valid scenario but it seldom occurs

Relative **strategic** value measured in terms of business competitiveness, growth and profitability

1. Current industry norm for process based "Best Practice"

~~100~~ 0.01
0

2. **Strategic** precision configuration with CEO Executive Custody

~~100~~ 1
0

3. **Strategic** customization With CEO Custody

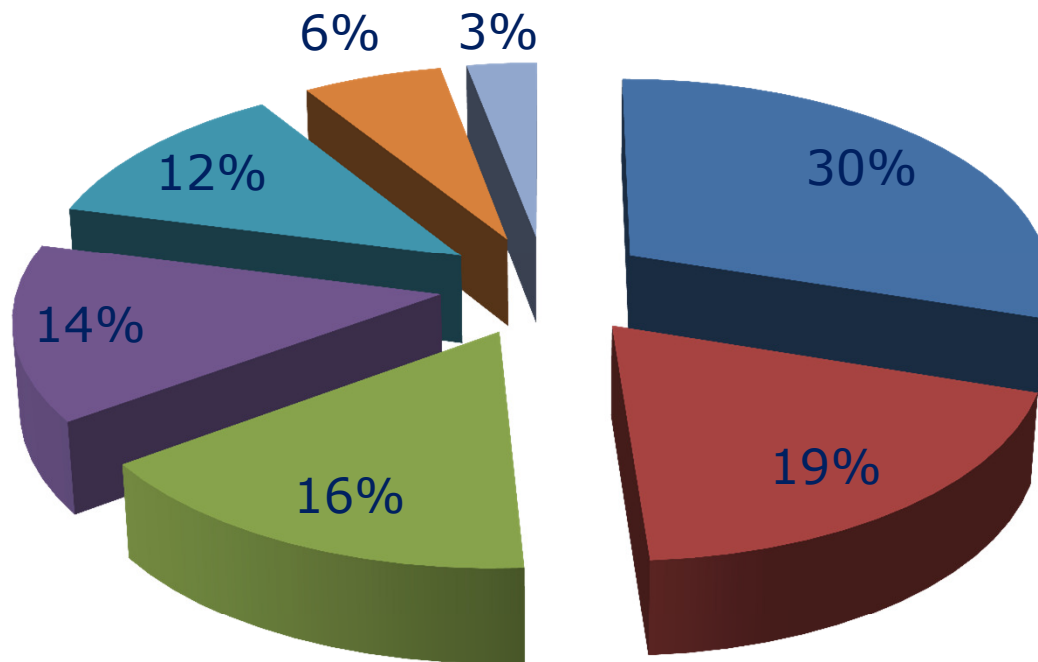
~~1,000~~ 10
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Analysis of findings of numerous Pulse Measurements



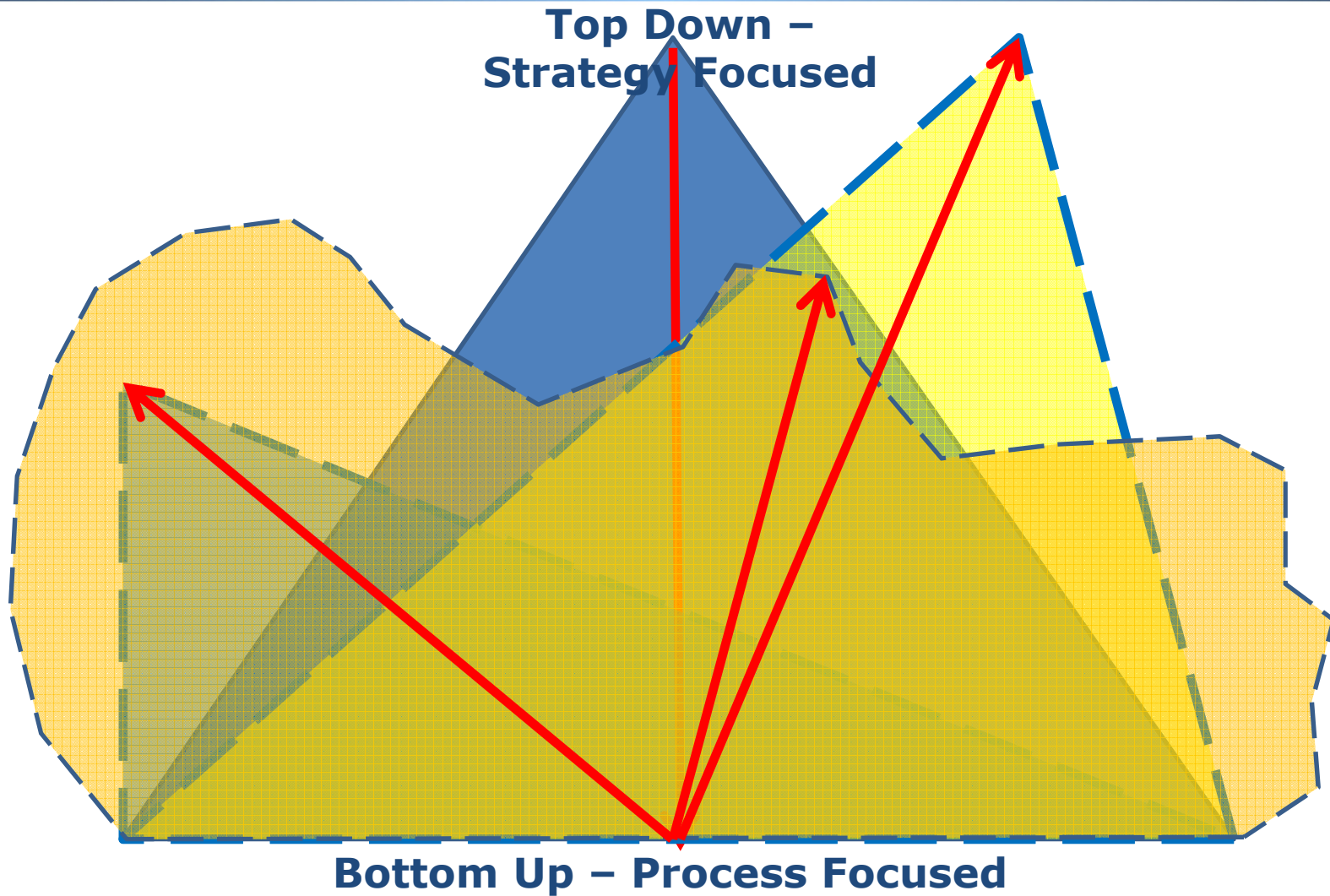
Email me for a copy
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Factors causing strategy implementation failure

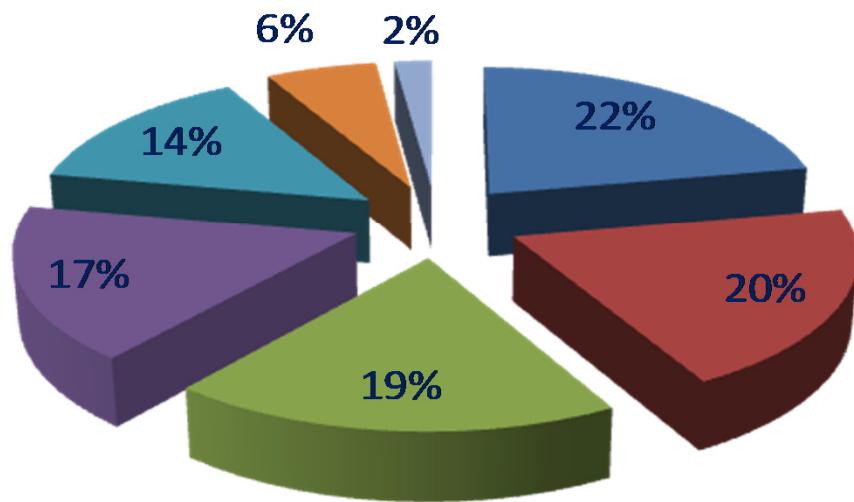


- 1. Mythology, hype & tradition -- 30%
- 2. Lack of executive custody, inappropriate governance and policies -- 19%
- 3. Lack of strategic architecture, alignment, etc -- 16%
- 4. Lack of information and poor documentation -- 14%
- 5. Soft issues and change impacts -- 12%
- 6. Lack of an engineering approach, lack of precision, etc -- 6%
- 7. Technology issues -- 3%

Top down (CEO led) versus bottom up design



Factors for strategy implementation success



- 1. Executive custody, strategic solution architect, accountability – 22%
- 2. Effective change facilitation -- 20%
- 3. Strategic architecture, alignment, etc -- 19%
- 4. Data engineering and configuration -- 17%
Information and documentation
- 5. Engineering approach, design against failure, precision, etc -- 14%
- 6. Business integration, training, processes, CBT -- 6%
- 7. Technology -- 2%

THE CORE OBJECTIVE -- DIFFERENTIATION

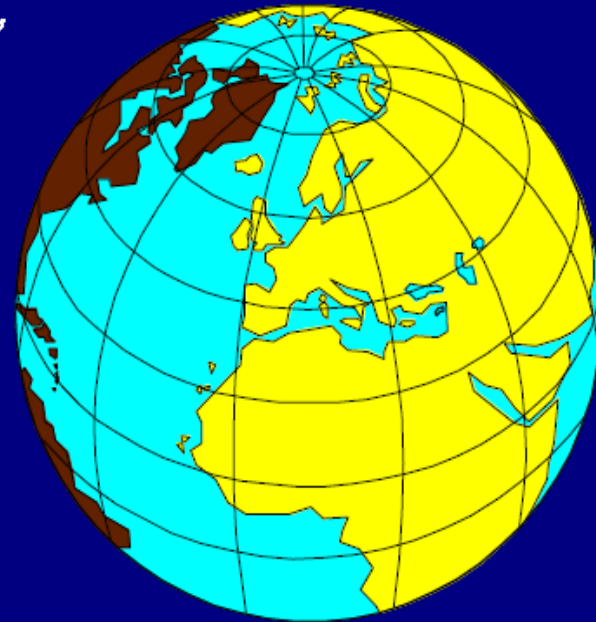
Create Competitive Advantage



THE CHALLENGE FOR BUSINESS

*Getting the right information, to the right people,
at the right time and in the right place
in order to make the
right decision!*

**A major requirement for business
information systems**



Determining the ESSENCE of the business and how it thrives



1. Experienced strategic facilitator
2. Interview each executive one on one starting with the CEO
3. *"Please will you tell me the essence of your business and how it thrives – what differentiates you from your competition?"*
4. Listen carefully – "active listen"
5. Take lots of notes
6. After completing the interviews synthesize ALL the views to arrive at a SINGLE SENTENCE amplified as necessary with further detail
7. If an executive differs with the CEO then, unless the CEO has just arrived, the CEO's view must prevail, particularly if the CEO is the founder or has been there for many years
8. New executives can be FAR off the mark

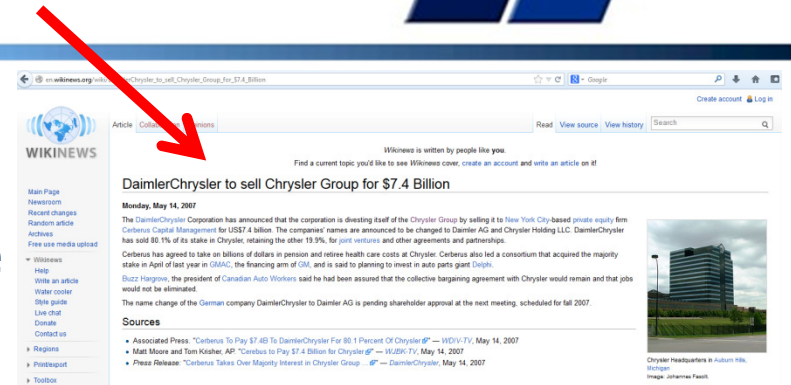
What is strategy?

DaimlerChrysler to sell Chrysler Group for \$7.4 Billion

Monday, May 14, 2007



1. Daimler Chrysler – FAILURE!
2. Daimler AG – Engineering Excellence
3. Chrysler – Technology Innovation
4. Not compatible
5. The essence of the business MUST be understood in any business improvement initiative
6. Failure to understand the strategic essence of the business is probably the single biggest factor in failed and sub-optimal business improvement initiatives



Agenda

Adopting a focused approach to strategic business improvement



1. What IS strategy?
2. **What are markets and how do you measure Market Attractiveness and Market Critical Success Factors?**

What are markets and how do you measure Market Attractiveness and Market Critical Success Factors?



1. Market – group of customers who respond in approximately the same way to a given offer
2. Market Attractiveness Factors – how a business should select its markets – what do we look for in a customer and therefore market
3. Customer Critical Success Factors – why customers buy our products as distinct from our competitors products – how we differentiate ourselves
4. Simple to determine with skillful facilitation

Analysis of the strategic environment



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1. What IS strategy?
2. What are markets and how do you measure Market Attractiveness and Market Critical Success Factors?
- 3. Strategic driving force**

ESSENTIAL BUSINESS KNOWLEDGE ESSENTIAL COMPONENTS OF STRATEGY



1. Core economic driver
2. Core human resource driver
3. Core market differentiator / value proposition / sales or marketing method
4. Core customer / market / user
5. Core asset / product / natural resource / size / growth
6. Core technology / capability / know-how / distribution
7. Essential reason the organisation exists (generally NOT profit)
8. Core values
9. Other

Refer ALSO Michel Robert on "Strategic Driving Force"
<http://www.decisionprocesses.com/>

Strategic driving force



1. Pick `n Pay
2. Woolworths
3. Edgars
4. What is the economic driver of each?

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4. **Why market focused strategy is THE fundamental arbiter of strategic change**

Why market focused strategy is THE fundamental arbiter of strategic change



1. Customers make buying decisions
2. Informed by marketing and sales information
3. Driven by gut feel and personal preference
4. Such that a strategic foundation that is intuitively attractive succeeds
5. And one that is NOT, fails
6. Any business improvement initiative that ignores strategy is destined to fail

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How to drive business improvement from an understanding of Strategic Marketing fundamentals



1. Project must be strategically aligned – the essence of how it thrives
2. Facilitators / consultants **MUST** understand the strategy
3. The strategy must be understood and published (publicized) from the top down
4. Inherently executives are the custodians of the strategic view and must be engaged with

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Case study



1. Stalled Business Information System (ERP) implementation
2. Strategic driver of the client – exceptional service – **“we will compensate you for late delivery”**
3. Strategic driver of the software company – biggest player in their industry, average service is the norm
4. Totally incompatible strategically – could not see eye to eye – constant conflict – project getting in the way of the essence of the business – the strategy
5. Project terminated
6. New software supplier – **“if a problem with our software results in late delivery we will compensate you”**

Summing up



1. Strategy is the essence of the business and how it thrives
2. Strategy is intuited in response to real customer needs
3. Business improvements that are strategically aligned and focused (essence of the business) will enable the business to thrive
4. Actions that compromise or prejudice the strategic essence of the business will damage the business
5. Most business improvement initiatives FAIL to recognize this reality and therefore fail to deliver on their potential

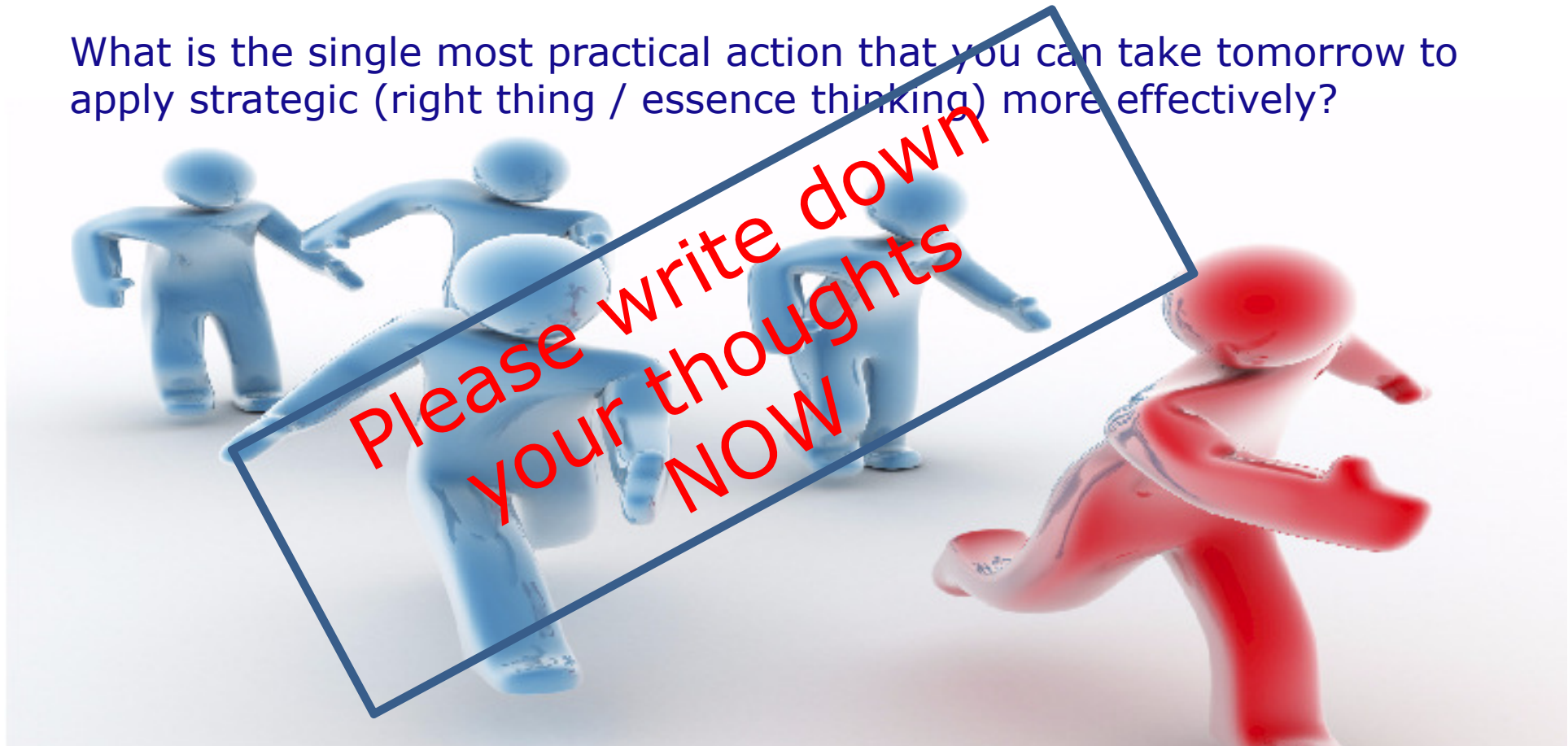
If you do not act within 48 hours you probably never will

Act TODAY! 😊



What is your single most important insight from this presentation?

What is the single most practical action that you can take tomorrow to apply strategic (right thing / essence thinking) more effectively?



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Questions?

THANK YOU

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