



A Leading UK Multi-Utility

Business Design

Project Brief

Our client, a major multi-utility with several million customers, engaged Barnsnape Consulting to manage the definition of a large business change and systems replacement programme.

The Barnsnape team have experience of several significant similar programmes and we have found that a key phase, often overlooked, is comprehensive consideration of the desired business model and organisation as it will be in the future. This should be completed before the programme starts. We find that this helps to reduce risk in the programme, confirms the business case, and often surfaces benefits and innovations that would otherwise be missed. Key management trade-offs can be identified and agreed early, and critically, it ensures that people, processes and technology are correctly aligned from the outset. Perhaps even more importantly, it ensures that there is a common and agreed understanding of key aspects of the programme, across the whole management team.

Surfaces benefits and innovations that would otherwise be missed.

Business Design Approach

Several senior managers were seconded from their normal roles on a full time basis to form the business design team – facilitated by Barnsnape. A number of executive workshops were also included in the schedule with all key decisions being made by the main board.

The key stages in the Barnsnape process were:

- Consideration of future business strategy;
- Understanding of the business model required to meet that strategy;
- Consideration of future trading scenarios and the impact that they will have on the business model;
- Development of an end to end business process model across the customer value chain;
- Understanding the specific requirements for each business process;
- Understanding how the proposed system will support these requirements;
- Updating the business case for the programme;
- General consideration of the wider organisational design opportunities;
- Alignment of the change and systems programme to this agreed vision.

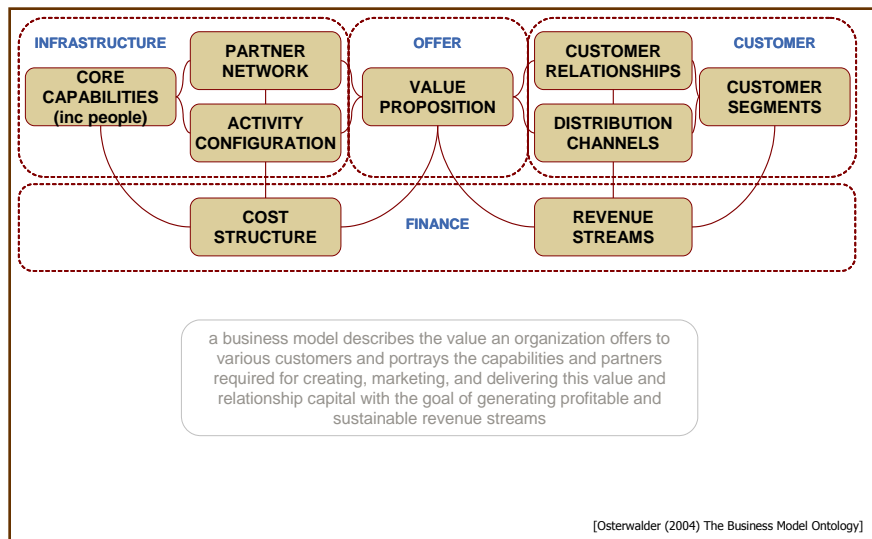
Defining the Business Model

In order to ensure that any business design is fit for purpose, we must first ensure that the strategy and business model are fit for purpose. A business model describes how the company intends to make profits and is centred on the company's value proposition.

Building on existing customer strategy, the Business Design team developed this information to populate a business model framework, that once validated by the main board, could be used to inform further analysis.

The framework preferred by Barnsnake is shown below.

... business model framework ... validated by the main board ...



Resilience for Anticipated Future Scenarios

The client senior management team undertook various scenario planning exercises in workshops to consider the Political, Economic, Social, Technological, Legal and Environmental changes that might impact or provide opportunities for their business in the future. This analysis generated ‘what-if’ scenarios for consideration in future business planning.

In further workshop sessions facilitated by Barnsnake, senior management considered the impact of each of these scenarios on the proposed business model. This was recorded and further discussed by the Business Design project team to ensure that key requirements of the what-if scenarios were considered in the business model.

Developing the Business Process Model

Barnsnake’s usual process modelling convention to facilitate this type of high-level discussion level is known as a value-added chain. Generally speaking, the value-added chain is used to identify those functions within a company that are directly involved in the creation of a company’s added value. These functions can be interlinked by creating a function sequence and thus a value-added chain. We find that a Value Added Chain model can inform discussions on scope and provides a useful framework for requirements generation.

On this occasion we chose ARIS by IDScheer as a business process modeling tool. The Value Added Chain is recommend as an entry into end to end processes modeling.

Because these models are typically high level, they normally precede more detailed analysis in key process areas – to illustrate key functions or end to end journeys within the model for instance.

A level three process model for the future business was agreed by the main board along with a more readily accessible high level schematic of the business – now used widely across the business.

Business Requirements

The team considered how each business process would need to perform in the future and also in all of the anticipated what-if business scenarios. In this way we ensure that the initial high level design is both fit for the business as it is planned to be, and also resilient to anticipated future scenarios. In this instance, about 500 high level requirements were identified with a high level of confidence that these will be resilient to future market conditions.

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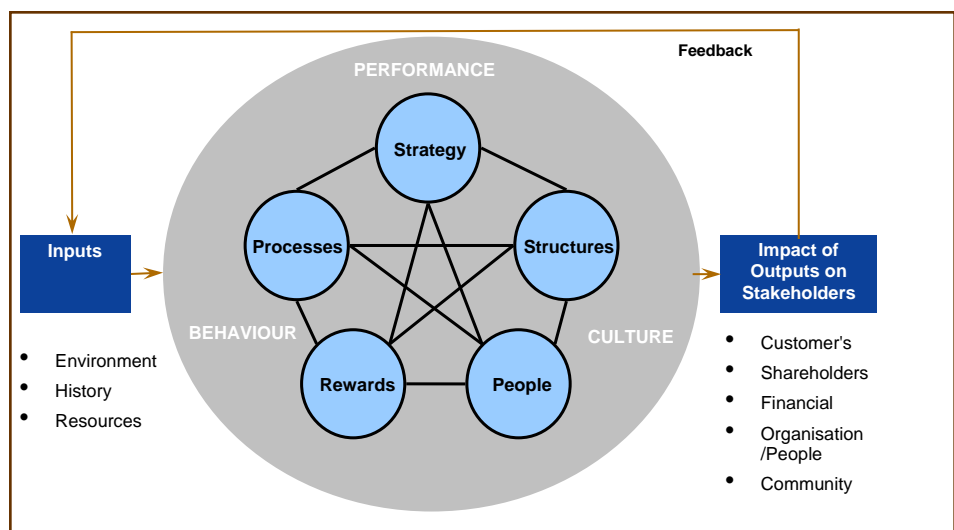
Each requirement was also considered in terms of the proposed systems ability to deliver the required capabilities. We noted where desired functionality would add risk, complexity or cost to the programme. These early trade-offs were discussed in board level workshops – resulting in key changes to the project scope and mandate.

Holistic Organisational Design Considerations

Barnsnape believe strongly that successful programmes move people, process and technology in harmony. All aspects of organisational design should be considered:

- Internal processes and systems;
- Informal organisation;
- People capabilities and knowledge;
- Reward and recognition systems;
- Relationships between the entities;
- Relationships with the environment;
- Desired values, norms, and behaviours;
- Physical infrastructure – assets etc.

On this occasion, we incorporated these aspects into the programme using Barnsnape's preferred Organisational Design Framework. Largely based on the Star Model developed by Prof J Gailbraith – now at MIT and IMD.



Outcome and Benefits

As a result of this activity, it was possible to refine and add confidence to the overall programme business case. Because the project team comprised senior managers drawn from all aspects of our customers business, working together, we were able to agree on the one vision of the future. This critical agreement meant that the project would be founded on:

- An Agreed Strategy.
- An Agreed Business Model.
- An Agreed Business Process Model.
- Agreed high level requirements.
- Agreement on the key trade-offs inherent in the proposed system.
- An agreed approach to organisational design.

This agreement will significantly reduce the risk of project failure. In addition, this team process surfaced several valuable innovations that our client believes will enhance their future competitive position.

For more information

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