

Unified organizations. Do you fit in?

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Introduction, alignment, and operational capabilities of organizations

To perform at top level, all systems within an organization need to be aligned. When body and mind aren't connected, you can't function well. In the same way that it is important to align the mind and the body, a promising business vision (the mind) will not have the expected result when executed without the alignment of all existing parts of the organization (the body). You have to choose how this vision will fit in. People will experience complexity when new references do not fit in with their existing references – hence, the need for a taxonomy to connect the dots and internalize external references. The Company Reference Grid (CRG) is this taxonomy for enterprises and was originally designed by Frans van der Reep [1]. This extended alignment tool combines business, ICT, HRM, and operations from a strategic, entrepreneurial, and operational capabilities point of view.

Ask yourself, does your strategy department consult the business process management (BPM) or IT department, and vice versa? How often do business strategies have the expected results? We see a huge gap between business visions and the actual implementation of processes, ICT, and Human Resource Management. In many cases, we have seen the disconnect between strategy, financial performance, BPM, and IT, and we think that much time and money can be saved, reflected in double digit numbers, by using a clear overview of references.

In companies, there are many references necessary to run operations smoothly, references like goals, time, activities, tasks, competences, and people. These references can also be defined at several levels, such as concepts and methods versus activities and process parameters. The Company Reference Grid is a framework with, on the one hand, the necessary elements to run a company, and, on the other hand, the stages of development. Every company can be defined by its Business, Processes, Applications, Data, Technical Infrastructure, HRM, and Organization. To implement a business vision you define this Vision, Assess your current situations, find Solution Scenarios, set Design Rules, Develop these scenarios, and Implement and Maintain these solutions. Figure 1 shows the Company Reference Grid, where the stages of development are placed horizontally as in a timeline and the necessary elements to run a company are shown vertically. The viewpoint placed at the top defines the specific purpose of the grid – for example, to define a new business, to determine organizational and employee competences, responsibilities, or financial parameters. Multiple viewpoints can be placed in one grid or in layers. This can easily be managed in Excel with separate lines for each viewpoint or a separate tab for each layer.

For example, you make money from running a fashion shop. You buy clothes from your suppliers; you price them, sell, and then administer them in a cash register that is probably connected to a computer system, registering information such as the item, price, date of sales, discount, employee, etc. You have both permanent staff and seasonal workers. When you want to expand your business – for example, in the case of tailor-made fashion – and you want this to fit into your existing business, the same or new customers need a different approach. You need new tools and applications for the design of clothes, registration of materials and time, and new classified employees, and, of course, a new marketing strategy. This will affect the sales approach, integration of IT systems, people management, and business model. It is clear that the business shifts from confection to tailor-made or a blend of this. Even in a small business this can create a huge amount of stress and errors, and in larger and more complex businesses it is even more likely to go wrong. In addition to this, the dynamics of markets and economies increase the importance of the capability to transform operations smoothly and quickly.

Our research about market segmentation, described in our 3C [2] model, shows that specific business choices are made and specific references are set according to the dynamics of the environment and the complexity of the customer demand. The demand for flexibility is increasing, and innovation is needed to meet the customer needs. In our “one minute society,” where people decide in a minute or even seconds to buy or not to buy, it is vital to have an outstanding outside-inside connection and an ability to adapt and to perform as a unity. Both the 3C model and the CRG are useful frameworks to put these critical success factors into action and organize the operational capabilities. In addition, it will help to create the behavior of a unified community of people rather than a disconnected organization of silos, and it will support the inevitable strife needed for communicational excellence.

To manage change, it is recommended to set clear references and cluster cells and stages of development matching the responsibilities, for example, of business managers, competences needed for delivering change, and available resources. In the before mentioned fashion case, you could work out the new sales approach (cluster business and process) with the sales people and the fashion designers, the need for new ICT (cluster applications, data, IT infrastructure) with fashion designers and ICT managers, and a new people management plan with a group of representatives from all areas. In this way, a consistent plan can be made with the support of all stakeholders, and, in the end, the customer is most likely to experience the business as intended. Therefore it is also an important tool for marketing and brand management.

Overview and alignment

Unity of operations provides a sense of doing business with people instead of doing business with departments, hierarchies, and procedures. The benefit of the CRG in the design process of the company, a project, or a new business is that all references are visible in one overview. This makes it easy to align all references, see the gaps or mismatches, and define actions to unify operations. For example, when your old business model is based on retail pricing and your new business model is based on prices per hour and cost of fabrics, all references should be aligned with this new business model. The current process is based on selling a product, whereas the new process is based on the interaction with the customer and his or her taste and preferences. The clothes were initially organized by size and sex, but perhaps now your store is organized by color and fabrics. Your inventory administration will change, and more flexibility and craftsmanship are needed. These elements should all fit into the measured work approach. In the end, in both business models, you sell a dress or a pair of trousers, but the processes are different. Writing down the keywords makes it easy to check the alignment. For example, high value tailor-made fashion, design based on customer specifications, prices per hour and fabric, and skilled craftsmen are the references for your new business; and high volume convection sales, with most common sized clothes, based on retail prices, and medium trained sales persons are references for your current business. When your new business has to fit into your current business, a design rule could be 40% measure work and 60% convection sales, or a solution scenario could be based on customer centered processes. Figure 2 shows an example of this for the first stages of development.

Which errors can be prevented by using the CRG?

The CRG is a communication tool to prevent common errors in new businesses or change projects. Common errors we see in daily practice are

- unclear objectives and unaligned expectations
- unclear responsibilities and impact of decisions
- lack of overview
- misalignment of movement (speed and direction)
- miscommunication or misconception of concepts
- early change of direction because of a failing implementation strategy

- existing design rules and management agendas that discourage change
- many ideas and no focus, or too much focus, without new ideas
- no idea of development costs and implementation methods in the business design process
- exceeding budgets, especially in complex and large projects.
- no compliance

The CRG is a useful instrument to start with to ready the minds of every one (the head) before translating your business vision into processes, IT, procedures, HRM, and a financial strategy (the body) [3].

Which errors can be prevented by using the CRG?

In addition to a general overview of references, the CRG can be used to deal with specific viewpoints such as

- Who is responsible for what? Place the names of people and departments in the grid and check if all areas are covered to prevent overlap.
- What are the deliverables and deadlines per cell? Which documents for outcomes have to be produced and when will they be delivered?
- Which departments are involved per cell or per cluster of cells? See if all areas are fully covered and, more important, see to it that as few as possible departments are involved per problem area to guarantee simple solutions and easy communication.
- Legal and compliance check. Does every cell meet legal and compliance rules?
- Which HRM profiles are needed per cell? Which organizational capabilities and competences are needed to do the job?
- Organize documents. It should be easy to find documents concerning a specific area and the people who are responsible for it.
- Sanity check. Use it to check per cell, column, line, or cluster to see if everyone is still aligned. For example, sit around the table with your staff and project the performance parameters in the grid on a screen, then ask yourself whether everyone is still on board and on the same track.
- Marketing, brand management, business development. See where your strengths are and manage the customer experience. You could project customer complaints in the grid and see where the misalignments are. Monitor and analyze developments in, for example, ICT, business processes, and HRM, and project new customer demands in the CRG to explore opportunities.

This list isn't exhaustive, and we still find new applications regularly so please feel free to experiment with it. You also may find that this way of organizing cooperation leads to cross benefits and new business ideas.

A roadmap to success

With some experience and training, it is possible to make a CRG in about three hours. If this isn't the case, you might conclude that the references aren't clear, and errors are likely to be made and you need to rethink your business. Depending on the application of the CRG, for example, new business design, sanity check, alignment of HRM and business, you ask yourself the what, how and do questions, both vertically and horizontally. There isn't a fixed set of questions, but the combination of the application and each cell provide logical questions. For example, in the application of repositioning your business, you could ask yourself what business you are in and how profitable it is (business assessment) and where the business is likely to be heading in the future (business vision). How can we make the transition (business solution scenario) and what needs to be developed (business development)? Do we choose in favor of a gradual implementation or a big bang (business implementation), and which targets ought to be set (business maintenance)? In the application of HRM planning, you could ask which competences are needed and if these competences are sufficiently available, etc.

Depending on the application of the CRG and the phase of evolution of your company, you could start with defining your business vision (upper left) and work this out until maintenance of your organization and HRM (bottom right). Or you could apply an iterative design process and start anywhere and align all cells with this reference. For instance, in rapid prototyping it is useful to estimate the impact of a scenario in terms of costs, impact on the organization, and feasibility, without writing a comprehensive business plan. We find it a very useful tool for creating a perfect fit in various situations, saving time and money, preventing misalignment, and enhancing the operational capabilities. We think you can save up to 80% of your time without extra costs and with a clear path of improvement for your company. How do you want to fit in?

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Viewpoint: e.g. new business

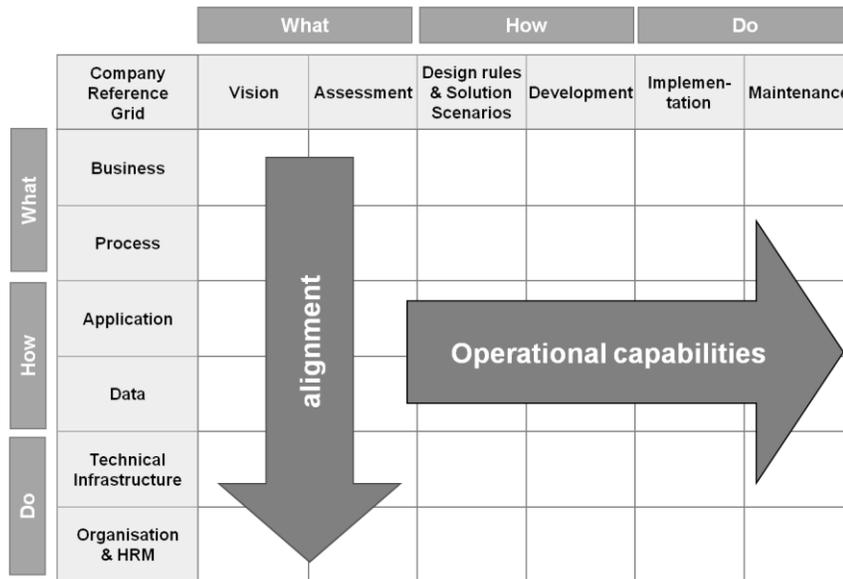


Figure 1. Company Reference Grid

Time →

Company Reference Grid	Vision	Assessment	Design rules & Solution Scenarios	Development	Implementation	Maintenance
Business	high value tailor made fashion	High volume convection sales	40% measure work and 60% convection	1.4	Operationalize	1.6
Process	design based on customer specifications	sales of most common sized clothes	customer centred	2.4		2.6
Application	design applications	sales applications	connected to customer database	3.4		3.6
Data	price per hour and fabric	retail prices	ditto	4.4		4.6
Technical Infrastructure	integrated customer centred infra	separate website and internal infra	all web based	5.4		5.6
Organisation & HRM	skilled craftsmen	medium trained sales persons	training and hiring new staff	6.4		6.6

Figure 2. Example CRG. Transforming business model



Figure 3. Connecting body and mind

References

[1] Frans van der Reep is reflective practitioner – known as researcher, trend watcher, writer, regular speaker/wire caster, and entrepreneur. He is a Professor at the Dutch Inholland University of Applied Sciences, and Senior Strategist at Getronics, a Royal KPN company.

[2] The 3C model is described in the article, “3C, Internet Dynamics and Retail: Towards a new market segmentation?”, European Retail Digest, Peter van den Heuvel and Frans van der Reep, issue 49, pp. 55-60.

The 3C research is published in *About analogue life in a digital world, how cyber commotion impacts your business and private life*, Frans van der Reep (ed) and Peter van den Heuvel (eo), November 2005, pp. 36-59.

[3] from “Designing processes: looking back from the future,” Frans van der Reep, CSC Research Services Journal, Nov. 2002, pp. 55-57

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Peter van den Heuvel is a partner at nextpractice-institute and research fellow Digital World at Inholland University of Applied Science. His main point of focus in business and life is the alignment and operational capabilities of people and organizations. “People, aligned with their goals, self, and surroundings, are capable of doing great things.”

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