

# Initiative Overload

## Background

Most organisations are overloaded with performance improvement initiatives. Recent research reveals that the average operating division is running 160 initiatives. We have just been contacted for help by one division of a major global bank that has 1600 initiatives running and they are out of control!

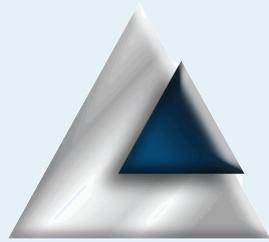
A recent study of ours illustrates the general position that we find in most companies.

We worked with a major global computer services company who had lost control of 173 major initiatives. Most initiatives were substantial with budgets measured in £ millions. We found that :

- The value to the business of each initiative had not been correctly articulated, quantified or communicated
- Delivery of benefits had not been agreed with those tasked with its delivery
- The same benefits had been claimed by different initiatives
- The same resources had been claimed by different initiatives and, as a result, caused acute overload at the operational level
- No systems of accountability or measurement were in place. As a consequence, progress was very slow or non-existent.
- No mechanisms were in place that showed operational staff how they were to contribute to the over arching goals nor how they could communicate upwards either to improve the process or signal the need for help

*“Most organisations invest in the 'idea' of 'value' but not the practical means to assure its delivery.”*

Robert White  
Lucidus Ltd



Lucidus

*"Frustrations and tensions are stifling the business-to-business sector"... "Sellers are frustrated because they can't translate their value-based solutions into bottom-line profitability. Buyers are frustrated because they frequently don't achieve the value they expect from those solutions. Sellers and buyers stand on opposite sides of the value-gap and blame each other".*

Jeff Thull - author of  
The Prime Solution

A review of the overall position showed that virtually no business benefits were likely to accrue for what was a significant investment. Worse than this, we showed that they had resources sufficient to run just three initiatives in circumstances where they were trying to run 173. They are now making good progress with three initiatives!

Initiative overload is symptomatic of a much bigger problem which is worsening as Year 2000 bites, the Euro emerges and companies wake up to the power of technology to give them competitive advantage.

As organisations press for better performance, middle managers are the 'meat in the sandwich'. Senior executives fire off initiatives. Very few are properly thought through with a clear view of business value, how it is to be measured & delivered and what the resource implications might be.

Many middle managers have neither the time nor the skill to meet the challenges of both maintaining operational services and delivering performance improvement initiatives. They do their best but, in the final analysis, many seek refuge by trying to appear busy and by avoiding being accountable.

## The Problem

Corporate strategies are rarely thought through in detail or communicated effectively down through the organisation.

Initiatives are fired off without a clear articulation of business value or resource requirements. People believe that they have argued the case but the reality is that those that put the case together are rarely those who have to deliver it. As a consequence, problems of perception, do-ability and accountability arise.

Middle managers and operational staff are therefore caught in a situation where they :

- have a limited understanding regarding what is required of them
- have insufficient time and/or skill to meet the challenges of routine operational activity and the change agenda
- may disagree strongly with the practicality of the case but have no means of arguing their corner.
- must give the impression of 'making progress' even if much of their efforts are unlikely to succeed

This results in a great deal of E-Mail as people look for guidance, reassurance or for someone else to make a decision for them. In a confused situation where you are out of your depth and sustaining a high level of stress, it is very difficult to be a clear thinking risk taker. In these circumstances most people run for cover and E-Mail is a great place to hide. One study of ours for a major global airline showed that middle managers were spending 25% of their time on E-Mail. The same study showed that 45% of their time was spent on non-productive activities.

## The Solution

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### Clarity of View

This is terribly easy to achieve and takes about thirty minutes of clear thinking. Simply ask the question 'where's the value? What is it that will increase the value of my business or the value of me to my business? A set of business value drivers will emerge very fast. Example attached for a property services group down in Australia.

We now have a touch stone. If I want to take a course of action, I simply test it against my business value drivers. If I am moving one or more drivers I am more likely to be doing something valuable. If none of them are affected - forget it - I'm doing the wrong thing.

### Quantify & Measure

Once we have located something of value on which to expend our effort, we have to be able to measure it, otherwise we have no way of gauging our progress or effectiveness. Beware measuring the wrong things. Measure those things that contribute to 'business value' not those that are easy to measure. If the issue is well enough defined, it becomes almost mechanical to produce the right measures - but measure what you need not what you can!

### Engaging The Team

By team I mean everyone on the organisation, or relevant subset.

Very little will happen unless the team speaks the same language, unless everyone understands how they are to contribute and if they have a means to signal up the chain of command either that they are in trouble and need help or that they have found a better way of doing things.

All of this is now possible but only with the help of technology. This is because organisations change so fast that paper based systems are unable to keep up. It is now possible (*with the Lucidus Integrated Performance Measures System as used by a great many blue chip companies [sorry - don't mean this to be a plug but it is only one of three systems available and came out a long way in front when reviewed by Information Week magazine]*) to create a visual represen-

tation of the change

issues, their relationships, implications, measures and responsibilities.

So - how does the team get engaged? Using the relevant technology, it becomes possible to build visual models of the change agenda starting with the business drivers and decomposing each one down to specific actions, projects or programmes. If small groups of people are used to build their bit, a common language emerges as they argue about alternative constructs and the labels we all put on things - we say the same words but we don't always mean the same thing. Building the model forces a common understanding. (Lots of war stories here from our work with BP Chemicals if required - subject to their approval)

Now we have broken the 'change' problem down into manageable chunks, we have a better chance of delivering some tangible benefits. The computer model helps because we can assign responsibilities, plans and actions and link them directly to our measures which, in turn, have been derived from our business value drivers. More importantly, as our understanding grows, those at the operational level can build alternative models and share them, risk free, with the boss. This means that we can build down from the top and up from the bottom. We should, of course, meet in the middle but we never do. We have therefore exposed the 'gap of understanding, and can manage it shut.

### Creating Elbow Room

Line managers have no time - the pressures are enormous. The conundrum is that they have to 'own' the change agenda. We therefore advocate what we call an innovation team. This is a highly skilled but small team who are free from the pressures of operational activity. Working with line managers, they locate potential business value and work up a proposition. This can then be tested by operational managers who will then own the programme of work to deliver the value. If they get stuck, the innovation team are there to help do some problem solving to keep the programme moving.



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*“Every complex programme must optimise value (Benefits) within tight financial constraints. But value leaks away because of inefficiencies in the complicated range of interactions, technologies, tasks and costs needed to deliver them.*

Robert White  
Lucidus Ltd

## Summary

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Summary It boils down to this. There has to be a minimum critical mass of the right activity to harness all the resources in an organisation and focus it on improving business value. All of the following things must be got right if the change agenda is to be met :

- a framework within which to focus management attention on Business Value
- a framework within which to develop the right measures regime
- a framework for continuous improvement to move the measures
- a common language across the organisation
- everyone to see how they contribute to corporate goals

Miss any one of these issues and the chances of success are greatly reduced. Get them right and the impact on performance is remarkable. This is because most people want to perform well. Once the source of a great deal of frustration is removed, as it is if the change agenda is in place, the sense of well being and job satisfaction rises significantly. We measured this effect for one major corporation and found that members of staff at the operational level were delivering a full 25% more effort - beyond their contracted terms - without cost to the organisation

# Value Lifecycle Management

## What are the Benefits

- Accelerated benefits identification.
- Scope, complexity, activity, cost, risk and time to benefit reduced.
- Clear, strong articulation of business case and value tracking approach.
- Consolidated reporting of all programmes with drill down and What-if?.
- Continuous and pre-emptive view of balance between value and affordability.
- Early warning of budget stress and/or value erosion.
- Provides mechanisms for the rational trading of cost against value.
- Visual link between complex task centred programme management activity and those issues fundamental to delivery of value.
- Powerful and pre-emptive value tracking because the linkage between value, cost, action and time are continuously made visible and therefore are readily understood.
- Governance community empowered to intervene because they are never unsighted by the complexity of task based activity and remain focused upon the delivery of optimal value within the context of affordability.

## What is it?

Every complex programme must optimise value (Benefits) within tight financial constraints. But value leaks away because of inefficiencies in the complicated range of interactions, technologies, tasks and costs needed to deliver them. For example conventional programme management delivers tasks to time and cost - it may, or may not, deliver value. So, VLM works in concert with your existing programme management process and gives you a formal governance approach that allows you to:

- Identify, scale and measure value much faster than conventional approaches.
- Simplify the programme to minimise inputs,

maximise outputs  
and reduce time to Benefit.

- Continuously understand what is being achieved in terms of 'Value In Progress', Value Delivered and 'Value At Risk'.
- Predict affordability by continuously understanding the balance between what is likely to be achieved versus what is likely to be spent.
- Know when costs are predicted to outweigh the value of the programme.
- Understand and therefore communicate and manage the links between value, cost, action and time.

## What does it Produce?

- Quickly and simply identify each key component of value, whether for a specific business case or for a more general view of latent value across the organisation.
- Assemble in one place all relevant information, logic, formulae proof/rationale etc pertaining to the case.
- Access and present that information in a way that facilitates rapid understanding, challenge, change and ownership.
- Understand the flow of benefits released (performance 'in progress') without the need to track benefits released through the management and financial accounts.
- Assess competing projects relative to each other to set clear tactical and strategic priorities.
- Eradicate any double-counting of benefits.
- Identify and scale latent value.
- Predictively track the progress of each project in terms of tangible benefits predicted, released and 'at risk'.
- Make immediately obvious the milestones associated with value 'at risk'.
- Manage the value related interdependencies between projects, programmes and even disparate participating organisations.

Most organisations invest in the 'idea' of 'value' but not the practical means to assure its delivery.

As you look across your organisation, do you recognise any of these symptoms?

- A failure to deliver 'Value' in previous projects
- The absence of a high quality decision-making process for assessing investment potential
- The absence of high quality processes for managing Change
- Running multiple major initiatives with the risk of initiative overload
- Improper sequencing of initiatives
- No proper integration
- Initiatives frequently running over time and cost
- The absence of promised 'Value'
- Very low levels of investment in Programme and 'Value' management

If you recognise just one of these symptoms, you are at risk of losing 'Value'. If you recognise three or more you are already losing something like 25% of your 'Change' investments.

## Some Lucidus Clients

Boston Scientific  
Pillar Data  
BP Chemicals  
British Airways  
Ministry of Defence  
H.M.Revenue & Customs  
Manchester United  
IBM  
EDS  
Hewlett Packard  
Fujitsu  
Kodak  
Rogers Communications  
Balfour Beatty  
Warner Brothers  
The Met Office  
Pilkington Glass  
Lend Lease  
Invensys

# The Presenter: Robert White – CEO Lucidus Ltd



Robert White—CEO Lucidus Ltd

Robert has 35 years of business experience and founded Lucidus in 1989. His experience includes the creation of a new outsourcing business for one of the global consultancy firms and he was the architect of the first Inland Revenue outsourcing deal valued at £1.7bn. With his business partner Howard Hughes, he has developed leading edge thinking and practical solutions to all of the issues associated with value and how to capture it.

The Lucidus approach to value based selling is deployed across a number of different sectors worldwide and the Lucidus pre-emptive value tracking techniques are currently deployed by the UKs Ministry of Defence to track the value from its top 50 change programmes just one of which is a £4.6bn 10 year programme of IT renewal.

## About Lucidus

Lucidus is a privately owned, independent Management Consultancy that was founded in 1989. It provides impartial and objective advice to Government, Agencies and the Executive Boards of private sector companies that recognise the need for robust value management strategies in support of investment in major change programmes.

Lucidus founder, Robert White (CEO), an authority on the emerging subject of Value Lifecycle Management as a critical management discipline, has provided leading edge strategies and advice to some of the world's most successful private enterprises, public sector organisations, and high-value sales and consulting organisations.

As a value practitioner over the last two decades, Robert has made a significant contribution to the de-risking of a large number of high profile change programmes. In 1996, Gower published his book, *The Outsourcing Manual*, the first comprehensive guide for any organisation considering taking this route, which Robert wrote based on many years experience of selling and delivering Outsourcing agreements, including the Inland Revenue, arguably the first and most successful Public Private Partnership let by the UK Government after the announcement of the Private Finance Initiative by the Conservative Government in 1992.

Co-founder, Howard Hughes, is a leader in the science of 'value assessment and measurement' and the visionary architect of a revolutionary benefits assessment, modelling and predictive tracking tool (Integrated Performance Measures - IPM) which he has been developing and refining since 1995. IPM enables and delivers the value management strategies and crucially, deals with the complexity that is inherent in multiple high-value change programmes. This tool and its associated techniques have reached a level of capability and maturity that remain unique and unsurpassed some 10 years later.

In combination, they provide a coherent end-to-end Benefits Lifecycle Management process that is seen as the holy grail of benefits centred programme governance, with emphasis on achieving planned outcomes and a clear understanding of affordability versus capability. IPM has been referred to by academics as a 'thinking technology' based on its exceptional capability as a visualisation aid, enabling stakeholders, technologists and the recipients of the investment to understand how value is derived, measured and what is required of them to assure its delivery.

Lucidus' clients receive this expertise in the form of executive level management consulting that focuses on diagnosis, strategy development, thought leadership and management training, followed by delivery of a customised and appropriate end-to-end Value Lifecycle Management process, enabled by IPM. This is licensed for the lifecycle of the investment programme, and is supported by regular audit of the VLM process.

# What Lucidus Customers Say

Stephen Hester Director IS&T - global PC manufacturing

*“Lucidus have a unique set of skills and I am amazed at what they have managed to achieve. They showed us there was a potential to generate a further \$125 million of profit by using IT effectively. More importantly, they showed us where that value was, how to measure it and how to extract it. The key point was that we were focused on just a fraction of this potential benefit and had no sight of the true potential. It has changed our focus and investment profile.”*

Marcus Klein VP Global Marketing Director - MSI

*“The tools combined with the structured value presentation review were, to me, very enlightening. I know I felt we were really onto something. I think this is very powerful. The team is no longer thinking feature/function - but value / enterprise. In summary, the Lucidus approach is great! But like any approach, we need to develop the use of it around new, improved processes that I think will be very powerful.”*



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*“Astonishing. Lucidus will enable us to have ‘grown up’ conversations across the Department. We should adopt this across the MoD for all Programmes.”*

*Director General Information (CIO), UK Ministry of Defence*

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Robert Musgrove – IBM Business Consulting Services

*“Relative to other Benefits Realisation techniques, the Lucidus approach is powerfully differentiated by its ability to:*

- 1. Clearly communicate the key value & benefit levers – and the breadth of factors that influence those levers*
- 2. Provide leadership with the granularity to manage a program at a strategic & operational level*
- 3. Show the implication of practical decisions on timing; Capex versus Opex investment; a risk allocation on the business case and benefit realisation profile. (showing benefits delivered and at risk)”*

Jeremy Hudson - Salesman Ark Group (using Lucidus techniques)

*“The IT services market is increasingly competitive, and in order to succeed, we need a key differentiator. The Lucidus Value techniques and tools helps us gain access to power, where we can learn about business priorities, position our relevant services, and crucially articulate the business case for change. Having worked with Lucidus on some selected accounts it is already helping us to close more business, of higher value, with shorter sales cycles”*



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## Contacting Lucidus

Lucidus are always pleased to hear from our existing and potential partners. If you would like to discuss your particular requirements, you can contact us via one of the following methods:

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Lucidus

Helping with the tougher things