BEST PRACTICE

BUSINESS TRANSFORMATION FRAMEWORK

TO GET FROM STRATEGY TO EXECUTION

BTF VERSION 2016

Jeroen Stoop | Sjoerd Staffhorst
Remco Bekker | Tjerk Hobma

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Colophon

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February 2016
The authors

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Foreword

In my opinion, the authors have succeeded once again in creating an excellent combination of theory and practice in this latest edition of their book on business transformation planning. It is a highly readable book. I am a practical person. I have no need for management books with high-flown theories, but I do like practical tips. This book gives you everything you need to start working with the Business Transformation Framework. It describes how to translate the changes needed in an organization from the strategy into the organizational design of the future, and how you can apply this to your own organizational design. The impact that this has and the required actions come together in the project portfolio.

The first few chapters are more general in nature. These in-depth chapters give you some firm guidance on the Business Transformation Framework. With this knowledge, you can start plotting out your own framework. The Business Transformation Model, as a central part of the framework, provides you with a basic guidance and structure, so you get a holistic overview and see all the interconnections. This book makes numerous references to existing literature and popular theories and models. It draws ample connections to these, which links up excellently with a manager's knowledge.

This book presents a sound method. Business transformation planning is about more than just 'changing the business'. This book also focuses on change activities for 'running an organization'. It is precisely this combination that makes the Business Transformation Framework so powerful and this book provides excellent examples of how to use it.

I have a great deal of experience with the Business Transformation Framework at Delta Lloyd. In my experience this framework significantly increases the likelihood of lasting change. It has helped me to:

- Combine change activities in the run & change organizations and merge them into a single plan.
- Create the optimal project portfolio with limited budgets and resources.
- Provide senior management with support in prioritization and decision-making and then explain this to the rest of the organization.

The integral approach and the required cooperation during setup make a major contribution to this. It's about more than just changing the processes, or just the strategy, or just IT. It's all about the interrelationships and dependencies. Drawing up a business transformation plan provides much more added-value than just the product: the business transformation portfolio. You must implement changes together with employees, and it's certainly beneficial if you start with an approach that is recognizable to both management and staff. By developing the approach together, it will be shared, felt and implemented throughout the organization. In my view, that is the added-value of this method.

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One point of attention is that business transformation planning is too often viewed as a one-time or annual exercise. That is not a desirable situation: it is a continuous process. You are changing constantly, so you also need to keep pace with these changes. In addition, drawing up a business transformation plan is not an end in itself: it is a tool. The Business Transformation Framework supports the structured and integral translation of strategy into a project portfolio. You should also dissuade people from skipping ahead to drawing up the project calendar, because you would miss out on the added-value of the preceding steps. The connection between business and IT is particularly important.

Every IT manager should be familiar with this book. It offers an excellent account of linking business up with IT and making the right choices. IT managers should take the initiative in introducing the use of these methods.

In addition, this book is also of interest to managers. After all, every manager deals with change. In my opinion, there is no longer any such thing as a company that is free from change. Moreover, this framework also helps you communicate with employees at all levels of the organization on changes and associated activities. A highly useful tool!

Carola Wijkamp – Hermsen
Director of General Personal Insurance
Delta Lloyd Group
January 2016

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Introduction

0.1 About this book

This book is the official description of the Business Transformation Framework, acronym: BTF. The Business Transformation Framework replaces the previous framework described in the Dutch-language book *"Business-informatieplanning"* (Beijen, 2003). The ability to combine business planning and information planning is essential to any organization that hopes to stay ahead of the game in today's fast-paced world. The Business Transformation Framework consists of the Business Transformation Model as the central part, but also includes an approach for business transformation planning. Despite the difference between a Framework and a Model, we will refer to both with the acronym BTF.

The BTF provides the foundation and tools to draw up a business transformation plan. The BTF has been in development for over 20 years now, and has grown into a methodical and proven approach. The full potential of the BTF can only truly be fully realized when it is regarded as a way of thinking and acting. This becomes very clear when an organization (as a whole) has developed the ability to quickly make the translation, whenever needed, from "What do we want to achieve?" or "What is happening to us?" to "What specifically should we do about it tomorrow?", thus seamlessly laying the connections between the different aspects of running an organization as well as between departments and employees. By 'aspects of running an organization', we mean:

- Customers & Services;
- Processes & Organization;
- Information & Applications;
- IT Infrastructure & Facilities.

The good news is that the BTF, as a way of thinking and acting, can be developed and learned, including in your own organization!

Oddly enough, the BTF was not originally developed for use in organizational changes, but rather as a restorative approach in the implementation of information planning. Gradually however, a broader application arose for organizational changes, resulting in its development from the original 'BTF' framework to the current BTF. We can see the same development that resulted in the BTF in various trends in the market, as described quite elegantly in the book *Business/IT Fusion* (Hinssen, 2011). In practice, we have also noticed it becoming increasingly difficult to separate change in IT from change in business. The degree to which IT has been integrated into internal processes and even into the provision of services in organizations now requires an integral approach that brings together business and IT. The BTF offers that approach.

One striking example here is a practical case in which the BTF was used in a stalled merger process between four organizations. The collective information plan never got off the ground

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and was bogged down in all kinds of expressions of resistance. Within just five weeks, the BTF was used to create a business transformation plan with representation from each of the merger parties and under the sponsorship of the Director of Operations. Where needed, this process took into consideration a much broader scope than just information systems and IT infrastructure. Nowadays, it simply is not possible to have four merger parties use the same application landscape without also examining issues such as processes, organization, product structure and services. Making choices here also requires another marketing plan, policy, a vision for organizational control, etc. Thus, the plan clearly showed that in order to achieve the defined goals, it would take a lot more than just IT applications. The extremely fast-paced multidisciplinary, participative and fixed-term approach left practically no resistance to speak of. The collaboration was pleasant, if somewhat uncomfortable, but always constructive. After the presentation of the plan to the three directors, the CEO remarked: "So, in that case, this will be our transformation plan for the next three years!"

Table 0.1 The three orders of organizational change (Bartunek & Koch, 1987)

Order of change	Description
1st-order change Adjust (or improve) existing situation	"The current situation is known, the problems have been identified, and the solutions are clear. This is a change from a known situation to a new, target situation. It is also clear what we need to do to achieve the change. The customers, products and markets remain stable. It is about serving current customers better and cheaper with existing products. The strategy, structure and culture also remain the same. What *does* change is technical systems and work routines."
2nd-order change Modernize the current situation	"The second level focuses on modernizing the current situation. The current situation is more or less known, but the new situation is not yet entirely clear. Some key questions are: What will the new situation look like, and how can we get from the current situation to the new one? This 'second-order change' is about modernization of internal processes and customer relations. This means a change in strategy, structure, culture and technology. People's working methodologies and behaviors in the organization are also part of the change. This may involve: • A merger or partnership between companies; • Introduction of a new product; • A new form of service, for which existing departments have to collaborate in a different way; • A reorganization of internal processes. 'Second-order changes' are more involved than 'first-order changes'. One characteristic feature is that the strategy, structure, technology and processes are changed in a cohesive manner. These kinds of change processes also benefit from a phased and carefully considered approach involving all of the stakeholders."
3rd-order change	"A 'third-order change' is a transformation[1], i.e. seeking out new possibilities in a situation of uncertainty. In reality, everything is subject to change. The identity of the organization is under pressure and uncertainty arises surrounding its *raison d'être*. The current situation is unclear and the future is also uncertain. The changes are far-reaching and affect everyone involved. Transformative changes take guts and leadership."

1 In the Business Transformation Framework and therefore in this book, the word 'transformation' not only refers to 3rd-order changes, but to the whole of 1st-, 2nd- and 3rd-order changes needed to implement the strategy

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We are placing the BTF within the large field of change management, and that calls for more precise positioning. For this, we use the typology of the various orders of organizational change described above. Table 0.1 gives a summary of these.

The BTF plays an especially prominent role in changes of the first and second orders. For third-order changes, the BTF may be applied as one of a broad range of actions necessary in such cases. Third-order changes often come hand-in-hand with a large number of changes of the first and second order. Such changes require highly experienced change management specialists with excellent change management skills and knowledge of, and experience in, a variety of interventions.

However, you do not bring about change simply by planning. There is a great deal more to it than that. The Novius Business Empowerment Framework shows the different disciplines

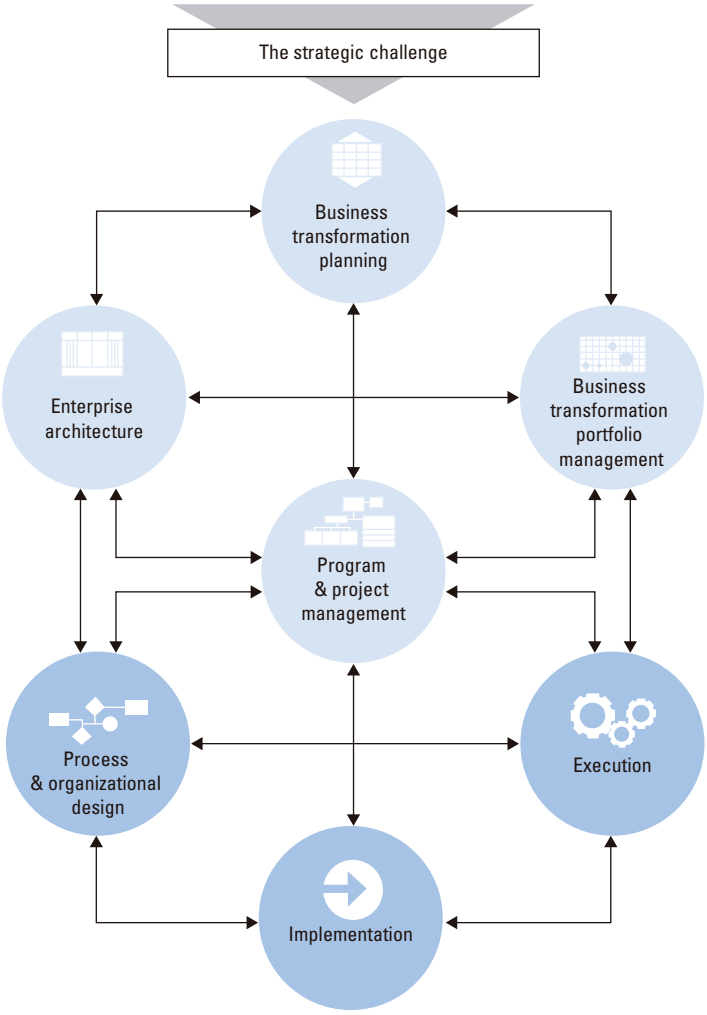

Figure 0.1 The Novius Business Empowerment Framework

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that are also required. See figure 0.1. This also positions the BTF directly in relation to other methods in areas such as enterprise and IT architecture, project management, program management, process & organizational design and implementation. Appendix 1 provides a diagram of the interrelationships between the different Novius frameworks.

As you can see from the Novius Business Empowerment Framework, the BTF is used to develop a business transformation portfolio. Changes (of the first and second orders) are largely brought about in the form of programs and projects. Programs and projects yield results that need to be implemented in the organization. In this process, the content of the change is controlled by enterprise architecture and the planning by portfolio management. Table 0.2 gives a number of examples of commonly used methods and techniques for the other disciplines in the Novius Business Empowerment Framework.

Table 0.2 Examples of commonly used management methods and frameworks linking up with the disciplines in the Novius Business Empowerment Framework

Discipline	Examples of methods and techniques
Enterprise architecture	Novius Architecture Method, TOGAF/ArchiMate, DYA
Portfolio management	MoP® (Management of Portfolios)
Program and project management	PRINCE2, PMBOK Guide, IPMA's ICB, MSP
Process & organizational design	BPMN, UML
Realization	Agile, Scrum

In many instances the BTF affects the entire organization. This means there are frequently numerous stakeholders involved in the application of this framework. This book is primarily geared towards people directly involved in the execution of the BTF or in the decision-making for project prioritization, allocation of resources, etc. Some examples here would be business, IT and other managers, advisors, program & project managers and change managers. Thus, this book is intended for a broad audience.

The topic of business transformation planning, and thus also the BTF, is quite extensive. In order to explain the framework properly in this book, we opted for an approach that is as intuitive as possible. Chapter 1 covers why the BTF has proven to be a highly useful tool in the design, planning, development and control of organizational change. It also introduces the structure of the rest of the book. Chapters 2 and 3 discuss change design and planning. Chapter 2 goes into detail on the steps needed to turn a strategy into a business transformation portfolio. Chapter 3 focuses on the most involved step: cohesive analysis and design of Customers & Services, Processes & Organization, Information & Applications and IT Infrastructure & Facilities. Chapter 4 covers the process of creating a business transformation plan. This is not a complete 'change management' handbook, but it does tell you – based on twenty years of practical experience – what approach and working methodologies have proven effective. Chapter 5 does not discuss the creation of the business transformation plan any further, but rather looks at how to effectively control the change. Finally, chapter 6 gives you the necessary guidance to begin working with the BTF.

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0.2 BTF - Business Transformation Framework

Does the BTF have anything more to add to everything that has already been written about planning for organizational change? Many who pick up this book will undoubtedly ask themselves this question. The answer is: Yes. After all, the BTF is a highly practical framework that supports the design, development, planning and control of organizational change. Simply put: the BTF gives you a firm grip on organizational change!

An information plan is not the same thing as a transformation plan. The similarities are in fact rather significant and the evolution of the previous version of the 'BTF' Framework from 2003 to the current BTF is also highly understandable, especially in retrospect.

The starting point for both cases is the strategy of the organization. Based on this, any constraints and opportunities for improvement can be identified in the *current situation* and a design can be prepared for the *target situation*. Resolution of constraints, taking up opportunities for improvement and implementation of the target situation require an organizational change, typically achieved by means of programs and projects. For drafting both an information plan and a business transformation plan, we examine all aspects of running an organization: Customers & Services, Processes & Organization, Information & Applications and IT Infrastructure & Facilities. The difference here is that an information plan is normally based on choices already made in the areas of Customers & Services and Processes & Organization. In information planning, this is often referred to as 'business'. In contrast, when making a business transformation plan, integral choices are made with regard to changes in all aspects of running an organization. The scope of the design for the change is thus much broader.

A major difference between an information plan and a business transformation plan arises during creation of the plan. A business transformation plan involves more stakeholders and higher stakes. This is certainly the case if the organizational design and governance is part of the scope. This requires a great deal more in the way of change management skills from the business transformation planner(s). The business transformation portfolio also contains many other interventions, which in an information plan are mostly preliminary studies and implementation projects. Some examples here would be training programs, organizational changes, etc.

The BTF has evolved into a methodical approach highly geared towards integral process & organizational design. Just as with the gradual shift from pure information planning to integral business transformation planning, additional emphasis is now being placed on the development of the business transformation plan. This concerns aspects such as the process, control, working methodologies, project organization and other stakeholders. We have actually gone through the normal stages in that regard, from consciously incompetent to consciously (increasingly) competent. At this time, our point of view is that the development of the business transformation plan is at least as important as the design of

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the transformation. Development and design go hand-in-hand because making a business transformation plan is the first step in this transformation! See figure 0.2.

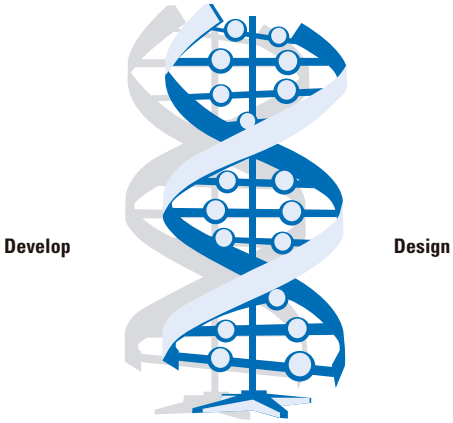

Figure 0.2 Transformation is development and design

Design mainly concerns making design decisions. The emphasis lies in a systematic analysis and a future description of the organization and its information processes. This ensures insight, a holistic overview and quality. So, from time immemorial, design has been geared more towards the 'hard' side.

Development involves getting a business transformation process underway and shaping change so that people in the organization make effective and enthusiastic contributions to the results to be achieved. This firmly embeds the new objectives. Development is mainly geared towards the softer side of change – the human side. Design and development influence one another in the implementation of business transformations. The right combination results in the best solutions with a strong base of support.

We should add a brief comment here. This is because we need to be clear on one thing: a successful organizational change often does in fact require more than just the BTF. This is because the framework doesn't address all possible issues that may impede a transformation. Some examples here would be the need for leadership development, having to repair disrupted relationships, the prevention of resistance due to negative experiences in the past, the natural human tendency to fear change, the existence of unhealthy political relationships and conflicting self-interests, etc. These kinds of situations require change managers with extensive experience and mastery of a broad range of interventions. However, the BTF can also offer a great deal of added-value in these cases, as one of the key tools applied by change managers to shape the transformation.

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1 The BTF is an excellent tool for organizational change

The most successful organizations are those that are able to translate their strategy into an operational implementation and, in doing so, are also able to keep pace with the numerous developments in the environment. Standing still is not an option. Every day the latest demands and expectations coming from outside of the organization must be met and its *raison d'être* be proved again. Citizens, customers, clients and patients are becoming increasingly critical and articulate. Competitive relationships between organizations are in constant flux and more and more organizations are dealing with an international market instead of a local market. New or changing national and international laws and regulations require adjustments in the organization. These are all examples of a changing environment to which the organization must anticipate and react. The list of possible changes is long, because in addition to political, social and economic developments, we also have technological advances arising at an ever-increasing pace. (See also figure 1.1.) This means that organizations must anticipate their constantly changing environment and also identify additional possibilities and opportunities for growth and improvement.

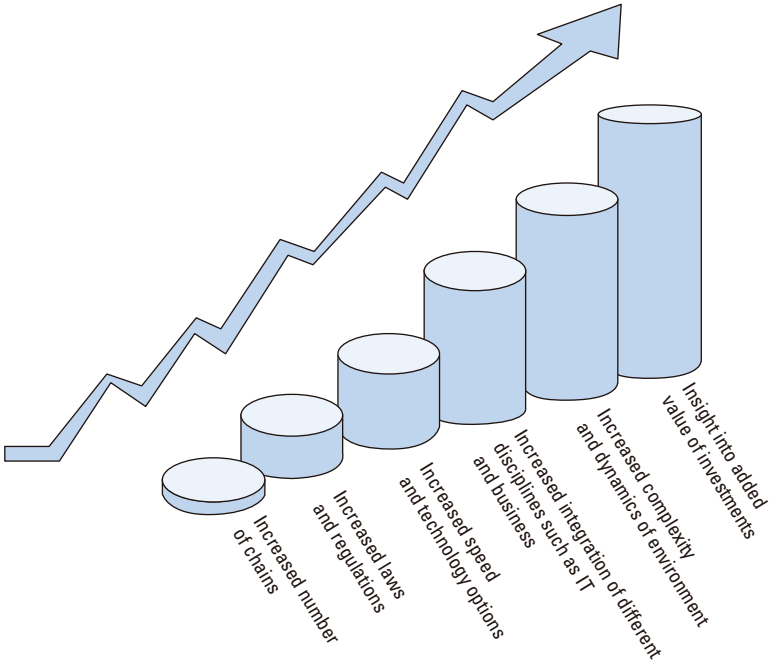

Figure 1.1 The continuously changing environment in which organizations are operating offers possibilities and opportunities for growth and improvement

In addition to the aforementioned external factors, there are also internal drivers that make organizations feel compelled to change. After all, an organization is a collaborative relationship between people based around a specific objective or mission. These people will

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also put demands on, and have expectations of, the organization. A case in point is the influx of a new generation of employees who find it normal to work in a manner independent of time, place and device. However, a healthy drive to achieve ambitions will also result in a continuous stream of suggestions for improvement and, sometimes, radically innovative ideas. It does not matter whether an organization opts for minimal costs, the most innovative product, or the best solution for the customer. Organizations will always strive towards perfection, in order to remain attractive to their customers and distinguish themselves from the competition. Ambition also ensures that organizations will change.

The above is not new. You cannot read any book, article or blog nowadays without hearing impassioned speeches warning that organizational change is coming to us with increasing frequency, speed and complexity. You could fill not only shelves but entire libraries with publications on this topic. There is plenty of reading material for any interested party. So as not to labor the point, it will suffice to conclude that change indeed should not be an end in itself, but that modernization is in fact vital to organizations and that organizational change has certainly not become any simpler in recent years.

Organizational change is therefore difficult. This book provides a framework to help you take on this challenge. Based on the BTF (see figure 1.2), we will explain how you can make the connection between strategy and business transformation portfolio within an organization and how to create a business transformation portfolio that is used to actually achieve the intended effects of the change.

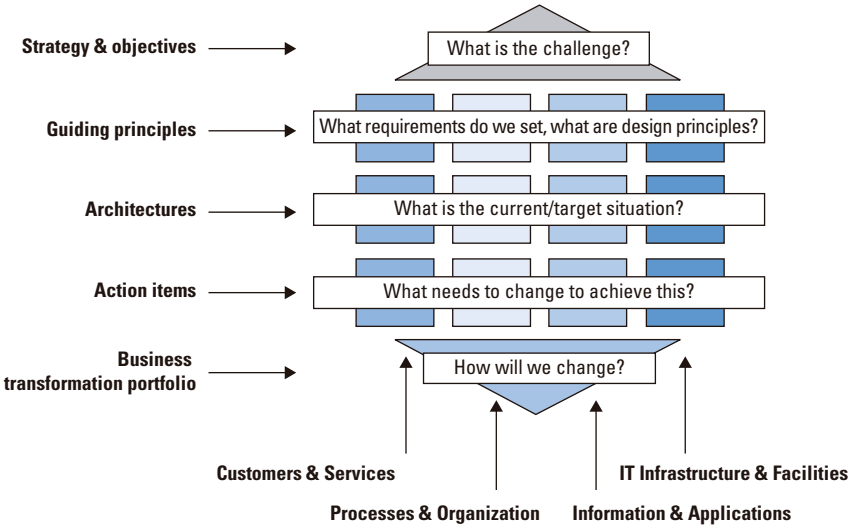

Figure 1.2 The Business Transformation Framework

Despite the enormous amount of attention given to organizational change in recent years, the reality is that there has been resistance to such change. We regularly see statistics for the success rates of projects and business transformation initiatives. It does not matter so much whether the success rate is 50% or 70%, or when an organizational change is, or is not,

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deemed successful. These kinds of success rates are in fact too low and do not exactly inspire confidence that organizations are able to implement change successfully with a reasonable degree of certainty. That is precisely the hard part. After over twenty years of practical experience with the BTF, we firmly believe that preparing, planning and controlling an organizational change with this approach increases its success rate enormously. Proper preparation is half the battle. We can cite several reasons why the BTF can be a useful tool for organizational change.

1.1 The BTF has proven itself in practice

The development of the BTF was based on practical experience, on what was and was not working. Therefore, it is not primarily a theoretical model or theory, although a significant portion draws upon existing theories and we make ample use of existing models. It is above all a best practice approach, i.e. based on a wealth of practical experience.

The BTF was developed based on several tools for successful execution of information planning within organizations. In the early 1990s, Novius introduced these tools with the objective, among other things, of bringing the planning for information systems and IT infrastructure to the attention of senior management. For this, it was necessary to draw up plans that would be supported and understood by the directors – plans that would make the complexity of the IT world comprehensible to directors through the use of visualizations and by demonstrating the interrelationships between business and IT.

Currently, in the majority of organizations, automated information systems are an integral part of running an organization. This means organizational changes practically always have an IT component. The reverse is also true: IT initiatives almost always have an impact on other aspects of running a business. There is a strong desire for integrated planning across all aspects of operational management. This change in thinking has also had repercussions for the BTF and the approach to its implementation. The BTF has evolved over the course of time from an approach to information planning to a practical method for the design, development, planning and control that is integral to organizational change.

Getting a better grip on organizational change starts with organization-wide, structured planning and control of the business transformation. Experience has shown that successful change (incidentally, just like the successful implementation of the desired information systems and IT infrastructure) largely depends on cohesion as well as collaboration. This is because organizational change does not occur all by itself, in some separate state of isolation, until completion. In many unsuccessful or partially unsuccessful organizational changes, it is apparent that adequate cohesion was lacking between the business strategy and the business transformation portfolio, or between the different aspects of running an organization and that collaboration was lacking at various levels in the organization.

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Organizations will only change if the people in those organizations are actually willing *and* able to change, *and* then actually do so. Experience has taught us that change must always be viewed and applied cohesively and collaboratively. In practice, the BTF has proven to be an excellent tool for getting a better handle on change, in no small part because it introduces cohesion and promotes collaboration.

1.2 The BTF helps translate the strategy into specific action

Organizational change includes activities at all levels: from the strategic choices made by management to a different way of thinking and acting in the workplace. It is necessary to tie these two ends together in order to achieve successful organizational change.

The change must be outlined based on the strategy so that it has a clear direction. Changes take direction from the mission, vision and objectives that the organization has set for itself. The BTF ensures a vision-driven business transformation by translating the strategy into activities that must be performed in order to achieve the strategy. However, a concrete strategy and clear objectives cannot be translated directly into a business transformation portfolio. The complexity of organizations themselves and the complexity of their environments are simply too great for this. The BTF helps bridge the gap between strategy and implementation, by ensuring a structured translation of the strategy into a business transformation portfolio. See Figure 1.3.

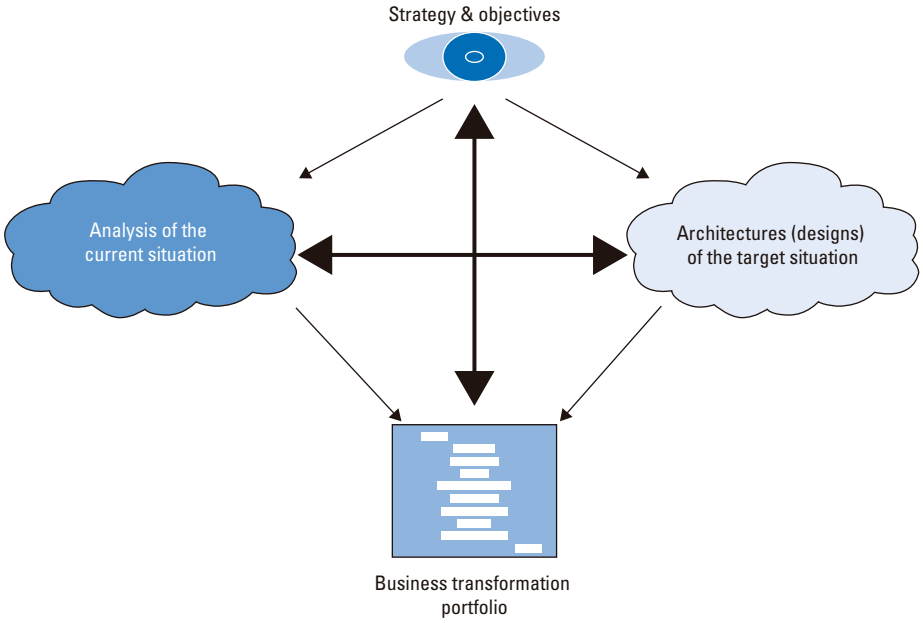

Figure 1.3 From strategy & objectives to a business transformation portfolio

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The BTF is highly action-oriented: all of the activities in the approach are ultimately intended to provide a collection of action items that will be clustered into programs, projects and change activities in the line organization and that must be performed in order to implement the desired changes. The general term 'organizational change' is used to cover the programs, projects, interventions and activities to be implemented in the line organization. Chapter 2 goes into further detail on this.

1.3 The BTF makes cohesion in organizations manageable

In addition to cohesion between strategy and implementation, cohesion is also always necessary between all of the aspects concerned with running an organization. For successful organizational change, it is necessary to link up and harmonize different aspects of the organization. Integral change is certainly not achieved by having marketeers brainstorming new products in isolation, process specialists working in isolation to decide how to optimize processes, HR staff headhunting in isolation, IT staff designing new systems in isolation, general services arranging accommodations in isolation, etc.

Harmonization between the different aspects of running an organization, and thus also between different departments and employees, is necessary, among other reasons, in order to prevent the organization from creating customer expectations (such as delivery within 24 hours) that it can never meet because the internal processes are not set up for it. Another key harmonization issue is the method for providing optimal IT support to the processes. The BTF brings together the different capabilities in an organization and ensures more mutual consultation. After all, the organization must be able to produce its new product. A minor change in the internal process can have a major impact on the supporting systems. Understanding this is a key result of performing business transformation planning, but understanding alone is not enough for an organizational change to succeed. Figure 1.4 shows how the different aspects of running a business (Customers & Services, Processes & Organization, Information & Applications and IT Infrastructure & Facilities) influence one another.

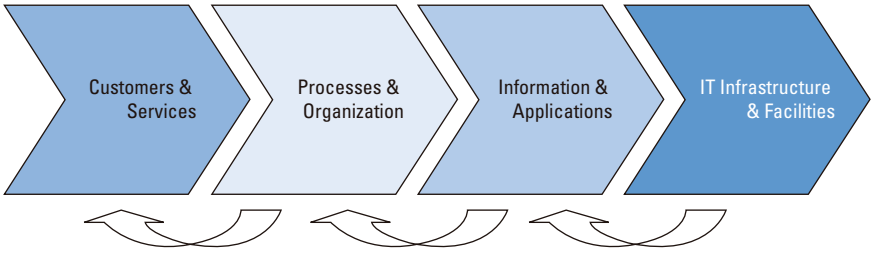

Figure 1.4 The cohesion between the aspects of running a business

Chapter 3 examines how it all works together when it comes to applying cohesion and harmonization between the different aspects of running an organization.

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1.4 The BTF expressly takes the current situation into consideration

Successful organizational change requires linking the desired target situation up with the current situation. It is important to realize that a business transformation plan is not typically developed in perfect isolation. Planned changes must be analyzed in relation to the current situation. Constraints from practical experience must be included as part of the transformation activity. Issues to be resolved in order to achieve the target situation must be addressed. It is also vital to be realistic here, so a feasible and desirable path is developed to get from the current situation to the target situation. Of course, keep in mind that there are many paths up the mountain.

The BTF achieves cohesion between the desired change and the current situation by incorporating the bottlenecks and opportunities for improvement from the current situation into the transformation design phase. In addition, the plan works with 'architectures' from both the current and target situations, to provide the picture of the contents of the change that is necessary to achieve the set goals. This picture can then be used to derive the specific actions that are needed to implement the change. Chapters 2 and 3 discuss this in further detail and provide the basic guidance you will need to start working with the BTF.

1.5 The BTF promotes collaboration and creates a base of support

Experience has shown that organizations can only change if the people in the organization really want to change, and actually act to do so. You must be willing and able to change, and you must actually do it. This means that the change process deserves a great deal of attention. And that starts from day one, with planning the change. This means that the interventions must be geared towards participation, communication, involvement, providing ownership, support, transfer of knowledge, skills and culture and learning. Collaboration (in all of its various forms) is critical in this:

1. Collaboration is geared towards involvement of those employees in an organization who must implement the change. Support for the desired change by these employees is crucial. It is not enough for the change to be worked out on paper. All stakeholder employees must support and carry out the change.
2. Collaboration is an effective way to bridge the gap between thought and action. Management and employees in the workplace work together in this process to design and plan the desired changes. This process ensures that management's planning is firmly based on reality and feasibility and encourages ideas from the shop floor.
3. Collaboration contributes to a cohesive understanding of what is required in order to implement the changes. Employees from various disciplines in the organization work together, such as staff from Finance, IT, Marketing, etc. This ensures optimal use of

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specialist knowledge and the full range of diverse ideas. By doing so, the changes are designed and planned in an 'integral' manner, i.e. taking into account the interrelationships between the various disciplines in the organization.

The BTF offers a structured approach so people and organizations can transform themselves. Chapter 4 goes into detail on how this works in practice.

1.6 The BTF helps stay on course during business transformations

Due to all of the attention given to organizational change, we sometimes seem to forget that organizations must continue to perform normally from day-to-day. It is not just about 'changing the business': it is really about 'running an organization'. This means changing 'with the store open'. This does not make things any easier, and it requires a lot of organizational capability. The challenge is to keep the organizational change on course whilst also dealing with the range of external and internal influences. See Figure 1.5.

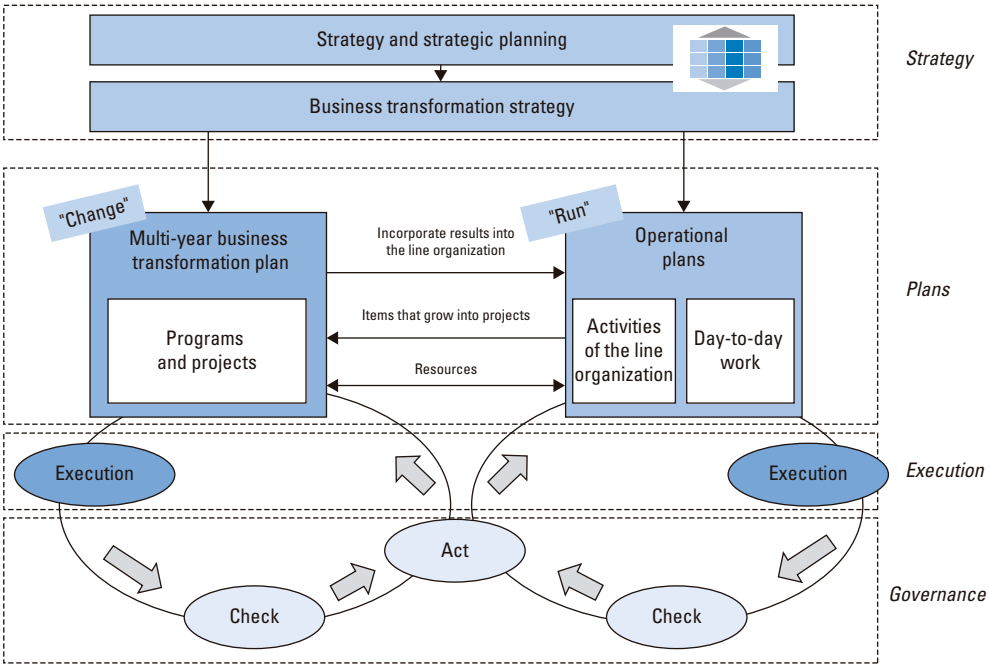

Figure 1.5 Interrelationships between 'run the organization' and 'change the organization'

Therefore, there is a relationship between business transformation and running an organization from day-to-day. The available expertise, resources and finances must be shared: people are busy with both the day-to-day state of affairs and the transformation, and they require funds for both. The available assets required to implement the business

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transformation portfolio are limited by the ambitions of the organization, and especially by the requirements of day-to-day operations. In many organizations, the vast majority of available resource is consumed by maintaining day-to-day operations ('running an organization') and is therefore not allocated to business transformations.

The feasibility of the business transformation portfolio and thus also of the overall organizational change may come under strain from changes in the assets that are required and available. This means that careful monitoring of the availability and utilization of human resources and business assets is vital. The BTF ensures that you stay on course during the implementation of the business transformation portfolio in terms of both the timescales and budget by means of a properly designed portfolio management process.

In addition to implementing the business transformation portfolio within time and budget, it is also critical to maintain control over content. During execution of the planned organizational change, market conditions may change, alternative solutions may arise and internal outlooks on the future may vary. In addition to this, running a business involves continuous improvement and adjustments, thereby creating a risk that the implemented situation will increasingly diverge from the target situation. Implementing the BTF requires a great deal of attention on control over content and quality, and the business transformation plan provides the footing for this. The goal is not to adhere to a pre-defined course regardless of the costs, but rather to make well thought through decisions. This can be guaranteed in the implementation by using an architecture which ensures adherence to content in the implementation of the business transformation portfolio. Chapter 5 covers this in further detail.

1.7 The BTF can be used for numerous issues

You may have the impression that the BTF is primarily geared towards drafting multi-year change planning which is implemented after a significant strategy change, an external event with major impact or serious internal structural issues. The BTF is indeed excellently suited to these situations. However, the BTF can in fact also be used to operationalize new strategies, merge organizations and implement new laws and regulations requiring the reorganization of entire divisions and business models. In addition, it is used in situations that call for 'getting the house in order' in the first instance or require a situation to be stabilized. These are some of the main reasons why people typically consider the BTF. However, it is usually only those organizations with specific experience in this approach that are able to exploit its full potential.

Aside from these specific applications, the BTF is more of a way of thinking and acting, which can provide lasting support for organizational change processes. This becomes clear when an organization (as a whole) has developed the ability to quickly make the translation, when required, from "What do we want to achieve?" or "What is happening to us?" to "What specifically should we do about it tomorrow?", thus seamlessly laying the connections

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between the different aspects of running an organization and between departments and employees. This ability is not only useful for extensive transformations, but also for tasks such as defining programs or projects and conducting an impact analysis.

This same ability also works in reverse: how can we get a quick answer to the question of whether or not all of our transformation efforts will actually produce the desired target situation? In other words: to make the translation from "What are we all actually doing here?" and "Are we actually getting where we want to go?" to the specific, practical measures needed to adjust the situation. One example here would be an audit on a change program or project.

You may also have the impression that the entire BTF activity takes at least a month to complete. In fact, it can range from a few weeks to, occasionally, a few months, though this latter case may well be an organization's first experience with the BTF. The same approach may however be applied over half a day, but that requires a certain level of experience. Of course, this does not produce the same results in terms of depth and completeness, but depending on the management requirements, it may be all that is required. Sometimes an initial indicative scan is enough, such as to find out what new legal rules and regulations mean for the organization (an impact assessment).

In a business unit dealing with planning and operation at a large semi-public organization in the transportation sector, numerous factors are at play. These factors can be almost anything: internal ambitions or major constraints, externally imposed public tasks, new legislation, etc. Decision-making is difficult because these issues have not been worked through in sufficient detail. Then some problems arise. Firstly, there is linguistic confusion over the various issues since all stakeholders have developed their own definitions which means, in turn, that they also have their own assumptions, values and desires. On top of this, the issues have not been worked through in adequate detail in order to determine their impact on the various options available.

In this case a workshop is held on a single evening to consider all of the issues, using the BTF. Out of this ten micro business transformation plans are created. It is decided to use an interview technique in which a workshop participant interviews another participant and goes through an actual business transformation process in 30 to 60 minutes. This approach provides adequate insight into, and an appropriate holistic overview of, the different issues in order to address any points of uncertainty, greatly clarify understanding of the significance of the issues and plan the subsequent steps.

The following chapters will largely describe the BTF in the context of somewhat more extensive, one-time organizational changes. However, we challenge the reader to consider the wider application to the method based on the thinking and working described in this book.

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1.8 Summary

The BTF is a framework for the development, design, planning and control of organizational change. The BTF is based on a best practice approach. The BTF helps translate strategy into a specific business transformation portfolio and ensure consistency between the following aspects: Customers & Services, Processes & Organization, Information & Applications and IT Infrastructure & Facilities. The BTF is a key tool in this. In addition to the development of a target situation, the BTF expressly takes into account constraints and opportunities in the current situation. A multidisciplinary approach, involving numerous people from the organization, ensures a higher-quality plan and a broader base of support. A well-developed plan with justified choices helps you stay on course during the transformation. The BTF is a way of thinking *and* acting. That is why it is suitable for a variety of organizational issues related to change. Sometimes, this requires an extensive, long-term project, but on other occasions needs no more than a workshop lasting a couple of hours.

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2 From strategy to a specific business transformation plan – a step-by-step approach

In many organizations, once a year the management holds discussions on what projects should be undertaken during the coming year and what resources need to be made available for them. This is often a difficult discussion. Not only are there typically more resources needed than are, or can be, made available, it is also very difficult to determine which projects should be prioritized over others. This makes it hard to tell if:

- The planned strategy will work;
- The set goals will actually be achieved;
- Cohesive design choices have been made;
- The necessary changes have been mapped-out in full;
- The interrelationships between projects are properly understood and manageable.

This creates a high risk that scarce people and resources will not be allocated to those projects with the most added-value for the organization.

Making a mental leap from strategy to a specific business transformation portfolio is simply too difficult. The dynamics and dependencies in today's organizations are too numerous and the interrelationships between the design choices are too complex. Therefore, translating the strategy into a cohesive business transformation portfolio requires a structured and gradual approach.

The BTF offers this structured and gradual approach and has proven itself in practice as an excellent tool for the design, planning and control of organizational improvements in a structured manner throughout the organization. On the one hand, the BTF helps with the continuous alignment of strategy and objectives in the business transformation portfolio. On the other hand, it helps make cohesive design choices with regard to the different aspects of running an organization in order to analyze constraints and opportunities for improvement in a cohesive manner.

The BTF is arranged along two dimensions. On the vertical axis, the business transformation portfolio and the strategy are plotted on a single line, and the horizontal axis gives the alignment between the different aspects of running a business. See figure 2.1. This chapter explains the vertical dimension and goes into detail about how to use the BTF to apply cohesion between strategy and the business transformation portfolio. Going through the framework horizontally, i.e. cohesive analysis and design of the different aspects of running an organization, is covered in detail in chapter 3.

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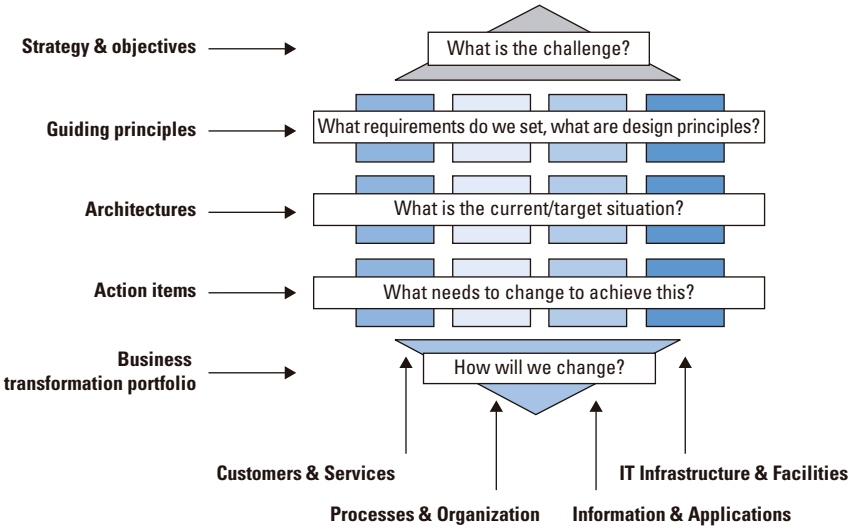

Figure 2.1 The Business Transformation Framework

The BTF helps bridge the gap between strategy and implementation by 'guiding' translation of the strategy into a business transformation portfolio in several steps. See Figure 2.2.

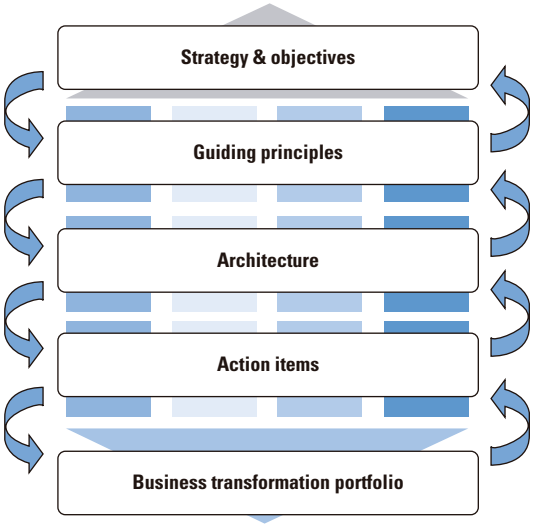

Figure 2.2 The vertical dimension of the Business Transformation Framework: strategy & objectives must be cohesive both from the top down and the bottom up

The first step starts at the top of the framework with defining the strategy and objectives. A good strategy is vital to defining the changes. Good strategies must be specific enough and provide adequate direction, in order to provide the foundation for the business transformation. Incidentally, this book does not cover the differences between successful and less successful strategies. For this, we refer you to the large volume of literature specifically on this topic, such as Kaplan & Norton (1993, 2004), Porter (1998), Kim & Mauborgne

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(2004), Mintzberg (2008), Johnson, Scholes & Whittington (2008) and Hamel & Prahalad (1996). Section 2.1 discusses an approach for fine-tuning and elaborating the strategy of an organization, which provides an adequate foundation for translation into a business transformation portfolio.

Step 2 is the formulation of guiding principles. These provide direction when making design choices for the organization. Section 2.2 explains the guiding principles and how to derive them from the strategy.

Step 3 is to analyze the current situation and outline the target situation. Enterprise architecture is used for this. This is outlined in general terms in section 2.3, and covered in further detail in chapter 3.

Step 4 formulates the action items based on a comparison between the current and target situations. Section 2.4 explains how this works in practice.

Finally, Step 5 translates the action items into a business transformation portfolio. Section 2.5 details this process.

Although this chapter describes the BTF from the top-down, cohesion must also be thoroughly ensured from the bottom-up. All programs, projects and activities of the line organization must collectively include all action items needed to implement the transformation from the current situation to the target situation. In this process, the target situation must meet the selected guiding principles. It should always be possible to clearly associate the organizational improvement elaborated in this process in terms of content and planning with the execution of the strategy and the objectives.

2.1 Elaborating the strategy and the objectives as a foundation for the planned business transformation

A specific strategy is needed in order to outline the desired design for an organization and identify the changes it requires. By strategy, we mean the entirety of the mission, vision and core values, up to and including specific objectives. With a clear strategy, an organization can define its ambitions over the long term. An organization uses its strategy to guide the allocation of people and resources in order to ensure that its objectives are actually achieved. The strategy also provides a picture of the desired direction and target situation, which is necessary for a targeted transformation. The clearer and more specific the strategy and objectives, the easier it will be to define the required organizational design and plan business transformation activities.

Successful organizations focus intently on their strategy. Unfortunately, in practice, most strategies turn out to be too vague, lacking in direction, unknown to management and staff

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