



## **Business Transformation A White Paper**

### **Our Philosophy**

TCG Advisors' approach to extracting resources from context to repurpose for core—what we call *business transformation*—is an alternative to the downsizing and business process reengineering practices of the past two decades. There are two anchor points for our differentiation.

The first is that we do not engage in productivity activities until there is a clear plan for how to repurpose reclaimed resources for increased competitive advantage. That is, we are not simply about cutting to cut, but rather about freeing time, talent, and management attention for higher-value activities.

Second, we do not field a team of outsiders to analyze the efforts in place and stack them up against “best in class” industry benchmarks. Our reasoning here is simple: the action plan that follows from such an analysis is normally a top-down restructuring project imposed upon a recalcitrant work force which feels totally invalidated by the effort. Thus it tends to generate resistance, resentment, cynicism, often resulting in rampant gaming of the system. The toxicity that is left in the work environment can easily erode the short-term economic benefits, thereby setting the stage for the next round of restructuring. It is a bad deal all around.

So we begin with a different premise. We believe the people in the trenches are not only *able* but also *willing* to undertake true productivity improvement. On the able side, they not only know where the best optimization opportunities lie but also are the most knowledgeable as to how they can be reengineered productively. And on the willing side, since they are the ones currently paying the cost of inefficiency in longer hours doing unrewarding tasks, they welcome productivity improvements of all kinds *provided there is a good opportunity for them in the new workflows and roles that are being created*. Since our process is based on the full equation of extract-in-order-to-repurpose, as opposed to the truncated reengineering offer of just-extract, it has such opportunity creation built into its very structure.

Our approach, therefore, is to engage directly with client teams representing the current workload, leveraging our frameworks and processes to bring productivity opportunities into high relief and to structure effective responses to them, and to do all this in very short order. We believe the plans our clients generate are not only better than benchmarked-derived options, but more importantly, that they will be implemented in a much better spirit with much less change management overhead.



## Our Approach

The following steps lay out the series of facilitated sessions that make up our approach to extracting resources from context to repurpose for core.

1. Prior to our first session we meet with the executive sponsor to identify the driving issues that have brought this project to the fore and to translate those issues into productivity goals. These goals, in turn, help us *refine our definition of core for the ensuing project*.

Specifically, we ask the executive sponsor to choose between two fundamental approaches to defining core, each of which shapes all the ensuing steps in a different way. One alternative is to focus on *strategic core*. This is defined as the vector of innovation that management believes is best suited to creating deep and sustainable differentiation from the competitive set. When projects use this focus, they take on a portfolio rebalancing cast, as resources are reallocated from less differentiating to more differentiating efforts.

The other alternative is to focus on *operational core*. This is defined as time spent directly on the defining function of a particular operational unit. For sales, this means more time spent selling; for engineering, more time designing features and functions; for IT, more time spent on productivity-improving applications. When projects use this definition as a focus, they take on more of a workload optimization cast, as resources are moved from less impactful to more impactful tasks.

Whichever approach is taken, we make sure to validate the appropriate definition of core with each member of the steering committee to make sure we are all grounded in the same values.

For the remainder of this white paper, we will be outlining how a project focused on *operational core* would naturally unfold. In this approach we lead a client team through a series of facilitated workshops as outlined below. The team consists of two representatives for each of the job titles that make up the function under review. It reports into an executive sponsor who chairs a steering committee made up of the relevant senior leaders.

2. In our first workshop with the working team we focus on *building a map of the targeted function's activity "as is."*
  - a. This taxonomy of activities is taken to three levels of detail, with each level typically consisting of five to seven elements. Thus at the most atomic level this inventory will normally be on the order of 300 tasks.

The point of this detail is to allow the teams to accurately represent the real work of the enterprise at whatever level of detail needed to capture its actual dynamics.

- b. At the most atomic level the team determines whether each task is core or context and whether it is mission-critical or non-mission-critical.
  - c. Copies of this taxonomy are then given to each pair of job title representatives who are charged to model the time allocations across the task inventory for their particular job title. We use a cascading percentages technique that makes this very straightforward to do and virtually impossible to game.
  - d. The representatives then review these allocations with their job-title peers to make sure they reflect a consensus view of how time is spent.
  - e. These reviewed results are then rolled up for each job title and then rolled up across job titles for the entire function, with weighting applied for the number of people performing that function.
  - f. The end deliverable is a resource allocation map that shows how the total time resource allocated to the function is spent across the total set of activities for which the function is responsible. The map is visible at any of three levels of detail and for any subset of job titles, showing in various dimensions how resources are distributed across work that is core, context, mission-critical, and non-mission-critical.
3. In the next workshop teams use these maps to ***identify productivity improvement opportunities*** and develop strategies for addressing them.
- a. The work begins with identifying and prioritizing “broken processes”—sinkholes where there is significant productivity loss in terms of both the amount of time involved and the inappropriateness of the resource performing the task.
  - b. The teams then utilize the Six Levers model to develop approaches to extracting resources from top priority broken processes. These process improvement recommendations either reengineer the activity or reassign it to a more appropriate resource, or both.
  - c. The resulting recommendations are reviewed with the group as a whole relative to their expected benefits. Those that are ratified are captured in a new version of the taxonomy of activities “as desired” as opposed to the “as is.” This creates a From-To mapping that drives the change management during the execution phase of the project.
  - d. One critical point to note. The great majority of activities are not reengineered, the job titles are not radically redesigned, and typically the function as a whole is not reorganized. We are strongly averse to projects that boil the ocean and base our approach on seeking out Pareto’s Law effects around where resources can be best be reclaimed.

4. In the next workshop, the team attacks the repurpose-for-core agenda. The idea here is to ***design job roles that are totally focused on core*** with as few distractions as possible. To do this we proceed as follows:
  - a. Leveraging the “as desired” taxonomy of tasks and a skills inventory model, the teams determine the top three skills needed to perform each task.
  - b. We then aggregate clusters of common skill requirements and draft a series of “proxy roles,” the goal being to perform the overall function with the fewest and most focused roles possible. The driving purpose here is not to eliminate work but to think sharply about two things: what is the cleanest, least-encumbered work responsibility for the role; and how do we enrich the role to make it compelling to the best talent. In order to keep people from falling back into old habits of thinking, we name these roles by colors. We continue to iterate the process until the set meets the “MECE” criterion of being “mutually exclusive and collectively exhaustive.”
  - c. Once the set is determined, we then define each role in more detail, outlining its top responsibilities and the primary job-specific skills it requires. We still refrain from assigning any job titles at this point so that what the team has to work with is, in effect, a set of colored building blocks.
  - d. It is important to note that much of the productivity gained from business transformation comes from the focus of these roles and their direct match with the resources that fill them. Most real-world jobs are significantly encumbered with non-core work. This work can be designed out if it is reallocated to another job, one for which that same work is core. That is what the proxy role process accomplishes.
  
5. In the next workshop, the team is scaled back to senior leaders only. The goal here is to use the color-named proxy roles as building blocks to ***organize and allocate resources in the most effective and efficient manner possible***. The steps are as follows:
  - a. Align the proxy roles with the current job titles. Use the delta between the two to consolidate, modify, or eliminate existing roles and to create new roles if needed.
  - b. Allocate people to roles based on skills, location, and experience appropriate to the activities involved.
  - c. Define coverage models to make sure no activities fall between the cracks.
  - d. Reapply the Six Levers model to roles and activities to explore opportunities for offloading or outsourcing workload.

- e. Organize resources around the more productive “as desired” process models.
  - f. Draft an implementation plan which outlines the From-To movements involved, the critical change management issues perceived at this time, and the communications plan for bringing the entire organization along.
6. The final workshop focuses on ***drafting the implementation plan and framing the appropriate approach to change management***. The critical enabler here—almost always overlooked in alternative, benchmark-driven approaches—is the integral involvement of the core team who co-architected the plan to begin with. In most change management efforts the challenge lies in overcoming the organizational inertia and fear of people who believe that one more reorganization is happening “to them.” In this model, change leverages the existing energy of people committed to implementing the more rational roles they have just helped design.

### **A Final Observation**

As readers can see, there is no rocket science in this methodology. Its differentiation from current practices is instead grounded in a single, fundamental operating premise—respect for and trust in the professionalism and knowledge of the work force in place. That is the platform upon which any such collaborative effort must be based. It is therefore not a method that can be used in all situations. In particular, environments where respect and trust have been eroded by prior history may well have to be served by a different approach. But where trust and respect are present we believe this approach is key to maintaining both assets in place.

One final point: Tough economic times mandate that companies not only cut costs but also take share. So another key distinction in this approach is to keep the core teams focused on converting the efficiencies of optimization to focused energy on market- and customer-based activities that will drive share gains through the downturn. Attitude more than any other variable determines the outcome. It is a time when you must energize your work force, not demoralize it – a key design goal that underlies our approach.