



Don't Count On **Silver Bullets**

While intellectually we all understand that silver bullets don't exist, that never seems to stop people from looking for them. Invariably, when faced with a business problem in need of solving, you can count on someone charging out to look for some piece of technology that will "take care of everything." Months later, when that new system has been implemented, just as invariably disappointment sets in because no matter how "successful" the implementation, it turns out that only part of the problem was solved.

This is not to say that looking for technology to solve problems is a mistake. Far from it. Rather, the mistake is one of expectations—the expectation of technology being able to resolve all the issues for any given business problem fails to take into consideration the underlying nature of how businesses operate.

At best, technology is only part of the solution—potentially an important part, but a part nonetheless. Failing to address all parts of the problem naturally leads to a partial solution.

The model

CC Pace uses what we refer to as the Organizational Component Model as a framework for understanding how businesses work (see Figure 1). The model highlights the interdependencies of organization, technology and process (operations), which we believe is critical for optimizing the benefits of change within the enterprise.

This model helps us to demonstrate why you can't change one component alone—technology, for example—and get the full benefits you desire. The

greatest benefits come when you take all three components—technology, process and organization—into consideration.

Our model depicts any given business as comprised of people, process and technology working together to achieve the business goals in the midst of the chosen market environment in which the company participates. A business typically defines itself by determining what it does (i.e., what it makes or what services it performs), what market it pursues and how it hopes to succeed in what it sets out to do.

Typically this vision is laid out in a strategic plan—the documented direction and goals of the company that takes into consideration both their corporate goals and the nature of the environment within which the company operates. The strategic plan defines the company by setting out what it does and how it goes about doing it. A good strategic plan takes special care to address how the company intends to succeed in light of the business environment in which it must operate.

The environment is defined as those attributes that cannot be changed by the company, but by their very existence require the company to operate in a certain way. Examples of these attributes would be competition, the access to effective labor pools, regulations it operates under and the economy in general. The company is unable to change these attributes, yet it must find ways to operate within these parameters and typically does so in the context of its strategic plan.

If the strategic plan is the logical depiction of the business and what it is attempting to do, the physical state is best understood in terms of the people (organization), policies and procedures

(operations) and the technology used to run the business. These three components comprise the proverbial three-legged stool that is the business itself. Successful companies are those that take care to ensure that all three components work well together and support the achievement of the strategic plan, individually and collectively.

The processes of the company serve to establish an effective and efficient means to accomplish the operating needs expressed in the plan. Processes often evolve over time, changing in reaction to market conditions or regulations. When these processes get out of hand and prove to be inefficient, or when other changes require that the processes be revisited, work-flow analysis and process-optimization techniques are leveraged to design more efficient processes that are better aligned for supporting business goals.

Process-optimization analysis is typically accomplished based on reviewing inputs, processing logic and desired



outputs, initially, without any consideration of supporting technologies or people in the organization. The desired future state (the “to be”) is compared with the current state (the “as is”), and gap analysis helps identify what must change to achieve the goal.

With the optimal operational model or process flow documented, and a road map identified for moving to that desired state, the next part of this business framework is leveraging suitable technological solutions to support and enable the operating processes. The objective of this component is to automate those processes that rely primarily on a “do” mentality versus a human “think” mentality.

In many cases, organizations are able to utilize existing technology solutions already in place to accomplish this objective. In other cases, technology solutions need to be developed and implemented over time to achieve the expected operational results. In either case, the technology serves to support the business process, to gain efficiency and to help achieve the business goals set out in the strategic plan.

In other words, technology shouldn't exist to serve its own purpose; it should be an integrated part of a well-defined business framework. The tail does not wag the dog.

The final component of the model is the organizational design, the roles and responsibilities of the people, functional groups and departments. At this stage, the optimal operational model has been documented and the necessary technology solutions have been integrated into the model. The final aspect is to bring the operation to life with the necessary structure and people to make the organization run.

Organizational design deals with how many people are needed to perform the tasks, what skill sets they need, how different groups relate to each other, where

they are physically located, who reports to whom, who is accountable for what and much more. No matter how well the processes are defined and the technology is tuned, it is all for naught if the organization cannot function effectively.

Applying the model

Effecting change of any magnitude requires that companies understand the interdependencies of the various components that comprise the Organizational Component Model and recognize that change to one component typically requires corresponding changes within the other two. Too often, companies attempt change by revising only one of the various components, an approach we liken to going for the silver bullet. While this approach might be viewed as the easiest means to implement a given change, it is in fact met with the highest potential for failure, as it puts the “three-legged stool” out of balance.

Instead, understanding that all the components need to work together to accomplish change increases an organization's chances of being successful. The Organizational Component Model provides the means to understand the company's inner workings and provides a structure to accomplish organizational change—change that will be successful only if all the components work cooperatively together.

Working with a client recently to improve the efficiency of its accounting department, we determined that changing the way certain fees were treated could result in the elimination of a considerable volume of monthly manual journal entries, reducing the possibility of errors and greatly increasing the capacity for performing other tasks during the month-end crunch. Enhancing the client's accounting system to automate these transactions could be easily accom-

plished, but doing that alone would have been disastrous. The shift in fee treatment required a policy change, which in turn had customer implications.

While the policy review process found that in most cases the policy shift would have a positive net result for the customer, a thorough communications plan had to be created to explain the impending change in policy to the customers and to the internal departments that had direct interaction with the customers and their accounts. A modest internal training event had to be organized to ensure all departments were prepared for the policy change.

Similarly, our client's accounting department needed to revise its procedures to eliminate the steps it previously took to handle adjustments under the previous policy. Only by considering all aspects of the technology, operations and organization could the full efficiency be gained through what seemed to be a simple enhancement.

The Organizational Component Model provides the framework for a rational and effective approach to successfully implementing change within a business. By understanding the company's business environment and desired strategic direction, and appreciating the relationships among the interlocking components of operations, technology and organization, it is possible to design and plan changes in support of the corporate objectives that can deliver significant value with an increased likelihood for success. When you can establish a track record for delivering on that, who needs silver bullets?

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