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A Project Management Framework for Enterprise Transformation Projects

Ambitious Enterprise Transformation program or projects are often launched without a proper Program/Project Management framework. This often results in poor control and coordination of the overall initiative, budget and schedule overruns and delivery of less value than potentially expected. Due to the particulars of Enterprise Transformation, the application of a single type of Project Management method is not adequate. A hybrid approach is required to cover the entire cycle from a very open, fuzzy first phase to determine where the emphasis should be, to the actual delivery of very well defined scopes of work, all taking into account numerous inter-dependencies and numerous parallel changes in the organization. Enterprise Transformation projects are complex projects and in today's fast changing environment, companies need more agility to transform themselves and adapt to new sustainability challenges and new strategies. This paper explains our approach to Enterprise Transformation projects.

Particulars of Enterprise Transformation Programs / Projects

What types of Enterprise Transformation projects can be covered by this framework?

The framework covers all Enterprise Transformation projects that intend to substantially alter the way an organization is operating. This includes substantial organizational, systems and/or process transformation, either to significantly improve the effectiveness and/or efficiency of the organization, or to support the organization's pivot into new markets. This can also include mergers and acquisitions or major divestments, digital transformation initiative or launching a complete new business model, creating a dedicated unit, etc... These are complex projects because they touch numerous stakeholders inside or outside the organization (customer, suppliers, partners, government organizations, etc.) that might have different involvements, incentives and priorities, or they involve changing certain parameters of operation within a company, the consequences and interdependencies of which can be difficult to establish. Besides, transformation requires traditional hierarchical way to drive actions between actors toward common goals and but today **agility requires also a more 'opened & networked' organization** which stimulates ideas sharing and ease necessary interactions for changes. Major Enterprise Transformation projects can involve dozens of full-time personnel and very substantial investments, sometimes managed by a complex consortium environment. They thus need to be executed with an appropriate framework to coordinate the effort and **ensure proper value is created.**

The different phases of Enterprise Transformation

The different phases of Enterprise Transformation Ambitious Enterprise Transformation projects often start with a very **general objective set by the organization's top management or Board**, which can be either

defensive or offensive, qualitative or quantitative. The Transformation project appears in general as a key line of the Enterprise Strategic Planning & Budget planning at Company Profit & Loss/Balance sheet level. Senior Leadership might use these information to communicate with external stakeholders the level of **ROI expected** and secure financing.

It is usually necessary to make this general objective more concrete and understand what it means in terms of actual **scopes of work to be delivered, crystalized around few tangible KPIs** (Lagging vs. leading indicators, ex: SG&A less 10% within

next 24 months, "Time to Market" for new product introduction less than 6 months, etc.). Transformation Leaders can set the tone to project and business teams in order to federate all energies toward transformation goals.

- **In a first phase**, the general transformation objective needs to be materialized into actionable Work Streams, and below, **a list of scopes and related measurable KPIs**. This phase requires commitment and time from the organization's senior management and usage of specific facilitation tools to converge efficiently towards an actionable outcome that is shared and agreed. The boundaries of the **Transformation Business case** are laying the foundation of the prioritization mechanism. This corner stone of the Transformation framework will ensure that Transformation objectives will fit within the allocated resources and timeframe. And a **proper Enterprise Architecture framework** will help shape area of investments in term Enterprise capabilities (Process, skills, tools & data, cf. appendix for a summary)
- **In a second phase**, the scopes of work need to be further refined into clearly defined, as well as actionable scope statements and related KPIs. This requires **involvement from people involved in the work** (middle to senior management), together with senior management sponsorship and require sometimes disruptive open-innovative approach to collect ideas for changes. Often, all scopes of work aggregated into consistent projects and constitute a

Depending on the phase of the Enterprise Transformation Project, different Project Management approaches need to be implemented

portfolio of projects which are driven under the same **Transformation program banner**.

- **In a third phase**, the scopes of work are executed and delivered, as transformation building-bloc. This includes not just technical delivery, but also the associated organizational change management related to the particular scope, like an Implementation Kit including KPIs Dashboards.
- **In a final fourth phase**, the scopes of work that have been delivered are brought together into a consistent **set of deliverables** that are then implemented in the organization. This phase includes an overall Work Stream-Level and Transformation project change management effort, as transformation changes might be deployed by waves according to geography, business unit or any other **segmentation which drive the best transformation return of investment**. The **Transformation Dashboard** set supports consistent and fast decision making process over the Transformation Journey between all actors engaged.

The phases 1, 2 and 4 are mainly internal (involving employees and possibly, consultants supporting the Enterprise Transformation Project). Phase 3 will involve contractors to provide products and help implement new tools, innovations and practices. Of course, depending on the Work Streams and the scopes, the phase 3 above might happen in slightly different timeframes for some sections of the scope of the Transformation Project. There might also be some dependencies between some of the scopes to be delivered. The phasing above is indicative.

Taking into account the context of Enterprise Transformation

Enterprise Transformation does not happen in a vacuum, and in particular for defensive transformations, the whole organization can be expected to be submitted to major change forces and changes during the duration of the Enterprise Transformation project. This will result in changes or responsibilities, regular nomination of new personnel, etc. which will impact the Transformation Project, either because of new project sponsors, new ideas that will be floated around, changes in the organization's environment or because scopes and their change management strategies will have to be significantly updated and adapted to the new situation. This is one reason why Transformation Projects must have a clear and consistent framework that can also consider and integrate where appropriate the changes happening outside the project.

Methodology for Enterprise Transformation Projects Phases

Various situations require different methods and tools. In the software industry, proven methods have been developed and implemented to deal with undefined scopes of work, continuous sponsor input and changes and changing environments: **Agile methods** (cf. appendix for a summary). On the other hand when scopes are well defined and contractors are involved, more traditional project delivery methods where substantial planning is required and change to the scope

is minimized are more suitable for effective delivery (ex: V-Model or traditional ERP implementation methods). **The hybrid method** we propose takes the best out of both worlds, depending on the current phase of the Transformation project, and adds on top some overall management tools specific to complex program and projects so as to deal with inter-dependencies and the overall complexity of a Transformation.

Method for phase 1 – Definition of Main Work Streams

When scopes are not well defined, it is better to use an agile approach, which will allow senior management ownership and involvement and definition of useful deliverables. Thus for the first phase we recommend such an approach.

In order to keep a **High-Level End-to-End Process cross-functional perspective against strategic objectives**, often it is recommended to analyze few Prime Value Chains during the sprint workshops (adopting Lean Six Sigma or Business Process Management BPM methods cf. appendix for a summary). This allow stakeholders easily speak the same language on a simple and recognized **High Level Process framework**.

The cycle frequency of the **sprints** needs to be set according to the project, between two weeks and one month. This frequency needs to be communicated to all relevant participants so that they are made aware of the urgency (particularly when it comes to organize workshops). Three to four cycles will be required to conclude that phase, depending on the initial level of definition of the project. They could typically be the following:

- Sprint 1 – detailed objectives of the Transformation Project,
- Sprint 2 – definition of Work Streams and initial prioritization,
- Sprint 3 – definition of scopes headers below Work Streams and prioritization,
- Sprint 4 – final validation of Work Streams, scopes, budget and timeframe; nomination of Work Streams and scopes owners.

During these workshops, **external best practices** or innovative ideas might be leveraged (ex: adopting Open-Innovation approach, cf. appendix for a summary) in order to understand industry trends, compare with current performance, identify key capabilities required to meet strategic targets and accelerate the path for scope definition.

A high level of senior management involvement will be needed with actual participation in workshops and discussions. **The CEO's personal involvement** will be required at the prioritization stage to confirm actual prioritization, endorsing or determining the overall objectives followed by allocation of time and effort. It is essential to prioritize at that stage and limit the ambition of the Transformation Program/Project to what is effectively feasible with the time and resources available.

Method for phase 2 – Development of Scope Statements

Scope statements, which will be used for scopes implementation, need to be developed by dedicated

teams, involving the key business stakeholders. Here, the Transformation program results in a consistent aggregation of scope statements of projects in the Transformation portfolio.

The management of these changes has to be drawn into a **proper and holistic Enterprise Architecture framework**. Indeed, any scope statements for changes can be identified and impacts estimated on the Enterprise Architecture according to all sub-dimensions such as: Operating Model principles, Organizational Roles & responsibilities, Process, Tools/ Application, Data & Information Management, etc.

The timing of this development can vary from scope to scope depending on its complication, but needs to be constrained for the two following reasons:

- Scope statements do not need to be extremely precise; they need to remain somewhat general in nature so as to give flexibility to the implementation phase while still making sure that the main objective will be reached,
- Time-constraining the scope statement developments will ensure that efficiency is preserved.

Scope-specific ‘sprints’ can be designed, for example for a scope that requires a lot of interaction and buy-in from stakeholders:

- Sprint 1 – summarize issues and start drafting statement,
- Sprint 2 – workshops and interactions to review issues and make choices,
- Sprint 3 – consolidation and production of the scope statement.

What is important is to constrain the time, **set a tempo in case of ‘sprints’ and stick to it**, and adjust the deliverable to the time available and not the reverse. With this approach, shaping sub-building blocks, which can be delivered early in further phase, will enable project teams to **demonstrate early first tangible results and create confidence** for the overall Transformation Journey.

Method for phase 3 –Scopes Implementation

Scope implementation takes the scope statement to delivery (including all the change management actions that are needed in the organization, specific to the scope). Again here, **the scope is described taking into account all components of the Enterprise Architecture framework** in term of Operating Model principles, Organizational Roles & responsibilities, Process, Tools/Application, Data & Information Management, etc.

The duration and approach for this phase will vary widely depending on the scope. For systems implementations the scope implementation phase will include a Request for Proposals stage, proposals review and evaluation, award and implementation in case Third Party providers need to get involved.

At this stage, **KPI will be defined in details** and monitoring methods/tools will enable project teams to ensure that project objectives will be met and monitor in further stage. **Monitoring KPIs will also drive changes and create the “virtuous pull change adoption mechanism”** in addition to traditional change

management communication & training “push” approach.

Conventional project management and delivery methods are best used in this phase. It is important that scope change is minimized compared to the initial scope statement to give the best chances of success in particular when contractors are involved. Work Streams need to be made sure that there is consistency between scopes and can also implement Work Stream-specific change management actions. Then every newly proposed changes will be challenged against additional expected benefits & ROI.

Method for phase 4 – Coherence and Close-Out

In the last phase, as scopes get delivered and implemented progressively, it is essential to **ensure that the overall Transformation Project effectively responds to the initial objectives and priorities**, by measuring the actual impact on the organization, and implementing an overarching change management process for the organization. **Setting up a proper KPI Performance Management framework and Governance** supported by Senior Leadership will ensure that benefits will be realized and overall stakeholders will remain engaged in order to sustain new level of performance reached. That’s why the **transition from the project mode into the continuous improvement mode** is highly sensitive, because value can be destroyed very easily, if shift of attention disappears from strategic perspective. Maintaining the execution excellence at expected level is a **daily discipline and a true managerial act**.

Method for overall project supervision

The overall Transformation Project supervision needs to be agile to react to changes in the environment and priorities. Most often, companies are setting up a **“Transformation office”** which require centralized / decentralized project teams which can operate as SWAT teams. The Transformation office play a role as a control tower over all projects engaged in the program which are at different phases. Hence, an Agile approach is recommended with periodic updates and reviews with a pre-set control cycle (e.g. monthly cycle), blended with some tools that are specifically designed to control complex projects, as well as a comprehensive Project Control approach to forecast cost and schedule.

The overall Transformation Project supervision needs to be complemented by a small team running the project management process and coordinating project control.

Most of all, it is important that the overall project supervision does not become excessively bureaucratic and that its requirements have a minimal impact on the execution of each scope and Work Stream.

The Transformation Project supervision main objective will be:

- to decide proper allocation of resources between scopes,
- to decide for scopes to go or to stop (temporarily or definitely), based on standard criteria (resources, project environment, unforeseen technical difficulties),

- to coordinate the entire Project in particular regarding inter-dependencies between Work Streams and scopes,
- to run the general Communication and Change Management processes at the Transformation Project level.

As part of the Transformation Office, in order to ensure the consistency of the Enterprise Architecture, companies are setting up dedicated teams (sometimes called under the umbrella of a Center of Excellence or Business & IT Architecture team name, etc.) with sub-group of experts taking care of Process, Tools/Application, Data & Information Management, etc. The process group for example can be organized according to key Enterprise Prime Value Chain or key functional areas (ex: Strategic & Performance Management Processes, Enterprise Core Operations Processes, Support & Services Processes)

Allocation of resources

A basic principle should be that the Transformation Project itself, and each Work Stream and Scope should have at least one full-time person allocated from the business. Should there be an insufficient number of personnel, it is better to stall temporarily a scope than to have a person trying to deal with two on a half-time basis.

Additional resources need then to be allocated on an as-needed basis, in particular for the scope implementation phase which will be the most resource-consuming. For the implementation phase, some Lean methods can be leveraged to accelerate the adoption of the new models, adopting for example the “Kaizen for deployment” method. This method allows to invite all necessary business stakeholders in limited time at 100% (2-5 days), engage them in a cross-functional approach when needed into the resolution of the issues faced due to the adoption of new ways of working brought by the project to their local environment. KPIs and benefits are directly monitored on the floor and first benefits realized with changes implemented in short time frame. This dynamic helps generate trust within operational teams for the Transformation who become ambassadors

Stop and go decisions for scopes

To maintain efficiency scopes need to be either moving under full throttle or be stopped. Scopes that are implemented half-hearted will end up being a disaster. The Transformation Project coordination team needs to be able to stop a scope temporarily (e.g. because of resource issues, or inter-dependencies) or definitely (e.g. because of environment changes). Stop-and-go decisions should be taken at the end of each control cycle. Transformation decisions have to be transparent and supported thanks to KPIs & Dashboards, which bring rationality over choices to be made. This neutralizes emotions and understanding to all stakeholders on priorities and reasons for decisions.

Coordination of the project regarding inter-dependencies

In our experience, the convergence plan is the best tool to manage interdependencies in complex projects. Refer to PVD's [White Paper 2012-04 'Convergence Management, the Key to Large, Complex Projects Success'](#). Convergence plans allow to bring onto a single sheet an overview of the entire project and the interdependencies between Work Streams and scopes in the form of deliverables that are required by a certain date. The convergence plan drives the complete Transformation Journey and highlights key dates and meeting points in the Transformation agenda.

Project Control

Phase 1, 2 and 4 are mostly internal / office resource driven. Schedule is driven by the ‘sprint’ tempo and the number of sprints for phase 1; while for phase 2 it will depend on each individual scope, still it should remain limited in time.

For phase 3, it will be necessary to track each scope implementation as a stand-alone project with a budget and a dedicated schedule, and the relevant project controls approaches apply. The Project control is supported by a proper Dashboard which integrates a proper tracking of the business case and Transformation KPIs.

Enterprise Architecture Control

In parallel of the projects control, the Enterprise Architecture teams ensure that projects components are delivered according to the Enterprise Architecture standards which is key to settle sustainable architecture foundations for future, in terms of Operating Model principles, Organization Roles & Responsibilities, Processes, Tools/Applications, Data & Information Management, etc.).

Deliverables for each control cycle

Deliverables to be assessed at the end of each control cycle include:

- Updated convergence plan for the entire Transformation Project and discussion of interdependencies that might arise,
- Specific deliverables for this control cycle in terms of communication and change management,
- Review of deliverables for each Work Stream and Scope that were due for this time,
- Expected benefits, KPIs and targets defined
- Enterprise Architecture deliverables & controls
- Updated Cost Forecast.

And decisions to be taken at each control cycle include:

- Go/ no go decision for scopes (including temporary stoppages),
- Award decisions for scope implementation.

Summary

This paper describes a comprehensive framework for Enterprise Transformation, based on the most proven methods of project management, but it does not describe all details related to the Enterprise Architecture, BPM

Enterprise Transformation Projects are Large, Complex Projects that represent a significant investment for the organization. A proper framework is required to increase the value provided to the organization.

methods and framework which will be covered in a separate dedicated white paper. The framework leverages on the advantages of those methods to fit the most adapted method to each successive phase of the Transformation Project. Implementing a sound project management framework integrated with a proper Enterprise Architecture framework is the only way to keep such 'Transformation projects' hearts beating at the right pace to deliver the value sought by the organization. Transformation Projects are very significant investments for organizations; they are also tough, ever-changing endeavors that require a suitable framework to fully deliver their value. Our framework, by merging the best of Agile and conventional project management, Enterprise Architecture together with specific tools to tackle complexity, gives a greater assurance of being successful.

Appendix

Agile Project Management

Agile project management is an approach that was conceptualized in 2001 and has been developed since with a number of well-defined methods such as 'Scrum', hence there are a few variants of this approach.

The Agile Manifesto is:

We are uncovering better ways of developing software by doing it and helping others do it. Through this work we have come to value:

- **Individuals and interactions** over processes and tools,
- **Working software** over comprehensive documentation,
- **Customer collaboration** over contract negotiation,
- **Responding to change** over following a plan.

That is, while there is value in the items on the right, we value the items on the left more.

Kent Beck, Mike Beedle, Arie van Bennekum, Alistair Cockburn, Ward Cunningham, Martin Fowler, James Grenning, Jim Highsmith, Andrew Hunt, Ron Jeffries, Jon Kern, Brian Marick, Robert C. Martin, Steve Mellor, Ken Schwaber, Jeff Sutherland, Dave Thomas - © 2001, the above authors

Main principles of Agile project management methods that we highlight in this paper include:

- Work is carried out in relatively short 'sprints' of a pre-determined duration (which ensures effectiveness), whereupon results are analysed and the contents of the next 'sprint' is decided,
- The frequency of the sprint cycle is what keeps the team in tension and ensures the efficiency of the process,
- The deliverable for each 'sprint' needs to be usable by the Customer even if he were to shut down the project,
- The end-client remains involved during the development and hence can feedback quickly whether what is being developed suits its needs or changes need to be made.

Main issues with Agile project management methods include:

- The method is well-suited to small teams, does not scale easily and has difficulties to deal with interdependencies and complexity,

- Without a proper overall architecture the final result of the project can be significantly different from what was envisaged,

The method is supposed to ensure that costs remain within budget, however that only works when project costs are fully internal time-dependent costs (e.g. internal personnel cost) and not when there other costs are involved such as Third-Party (contractor) costs, or costs that are not just related to work duration in the office.

Enterprise architecture

Enterprise Architecture (EA) is a discipline for proactively and holistically leading enterprise responses to disruptive forces by identifying and analysing the execution of change toward desired business vision and outcomes. EA delivers value by presenting business and IT leaders with signature-ready recommendations for adjusting policies and projects to achieve target business outcomes that capitalize on relevant business disruptions. EA is used to steer decision making toward the evolution of the future state architecture. (© Gartner - <http://www.gartner.com/it-glossary/enterprise-architecture-ea/>). In today's world, taking into account openness, acceleration of exchanges and volatility of information shared between actors, it become an asset for a company to manage effectively in a comprehensive manner its core Enterprise Architecture components.

The Enterprise Architecture framework enables to maintain an overall consistency starting from the Strategic objectives of the company broken down into operating model guiding principles, organization, roles & responsibilities, strategic targets & KPIs, processes, Tools & Applications, Data & Information Management, Infrastructure. In our Digital era, where for example security is strategic challenge, managing all dimensions with full consistency and agility is an ingredients of success.

A key pillar of the Enterprise Architecture supports the Process area, supported by a BPM Business Process Management framework.

As it is at this level where Business and IT stakeholders can talk easily and agree on the way to address difficult challenges and key decision for investment in the context of transformation. Indeed, investments will allow to establish key differentiated and competitive capabilities which will ensure efficient & effective process execution. The difficulty will be for all stakeholders to identify and agree on where and for which benefits to invest. In order to structure and organize discussions, company are setting up a proper BPM Business Process Management framework and governance and some companies are setting up a Center of Excellence to manage all processes within the company. New roles need to be defined such as Process Owners, Business Owners, Process Experts, etc.

Other pillars of the Enterprise Architecture supports the Application & Technology perspective, the Data & Information Management (incl. Data security, Data & Master Data Governance, Enterprise Content Management, etc.) which are key enablers supporting the Enterprise Digital Strategy.