

Aligning Business Functions through Effective Project Management

From Possibility...

Companies grow their business through acquisitions and mergers; public services merge departments and support services to reduce costs and improve performance. In each case the business functions of the newly formed entity must be aligned in order avoid duplication and ensure consistent levels of performance. The following case study illustrates how Ad Esse helped support the business alignment of an insurance company that had acquired three companies which were to be merged into a single legal entity.

A previous consultancy had produced an overly-detailed and needlessly complex project plan; no-one could understand it because it was written in inaccessible 'management speak' and with minimal consultation. Our challenge was to get the project on track and get managers and staff actively engaged.

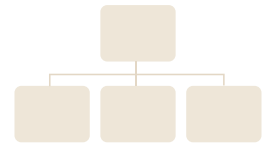
OUR APPROACH

Spending time with senior managers to clarify an appropriate approach and gain a clear view of the challenges was the first step. **Our initial diagnostic activity identified that:**

- The previous project plan mixed up “**business as usual**” with change management activity.
- The momentum of the project had waned, largely as a consequence of confusion about roles, poor communication and a lack of joint ownership of the change process.
- There was a need for a clear definition of interdependences and improved collaborative working between all workstreams.
- Clearly defined and accurately costed IT specifications for each workstream and agreement on an IT budget for the whole project were urgently needed.
- An accurate itemised account of the internal and external costs of implementing the changes was required.
- More resources on the ground were needed to deliver the changes.
- There was a need for improved communication between those directly responsible for implementation and rest of the company, especially team leaders and front-line staff.

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- Unproductive meetings should be scrapped and a more pragmatic, hands-on approach to change management should be employed.
- A purposeful approach to developing a shared culture and values that could transmit a clear identity and brand was needed.



Our initial priorities as “project manager” were to:

- Produce a revised project plan focusing on short term priority activities.
- Meet regularly with workstream leaders to support them in delivering their workstream, assess and record achievements, identify and minimise risks and manage interdependencies.
- Develop a simple, but effective, tracking system to monitor and manage progress and report back to the Senior Management Team and Company Board.
- Produce a regular project bulletin.
- Write monthly status reports and update risk registers.
- Coach workstream leaders as required.
- Define options for the further development of the business in discussion with senior management

STATUS REPORT FOR PROJECT MANAGEMENT TEAM



To Actuality...

BRINGING IT ALL TOGETHER

A new project team was set up which ensured that the people who would be implementing the changes were represented in key business functions, namely: Product Alignment; Process Alignment; Marketing Alignment; HR Alignment; IT and MIS Alignment; Quality Assurance Alignment and Business Planning and Finance Alignment. Management commitment was never an issue; establishing an effective working relationship with the senior manager appointed to oversee the changes was essential. Over a four month period the following results were achieved:

- Priority needs, key objectives, deliverables and interdependencies between different work streams were identified. Additionally, challenging but achievable success criteria and KPIs were agreed. The scope of each workstream was clearly defined to provide boundaries for activity and clarify what was out of scope.
- Governance structures, roles and responsibilities were clarified. The aim was to provide light, but effective, mechanisms to ensure that project outcomes were delivered on time, within budget and to high standards. The emphasis was put on one-to-one meetings between the project coordinator and workstream leaders and small paired working groups. A streamlined governance structure was put in place with reduced lines of reporting and simplified procedures.
- A straightforward spreadsheet-based tracking system was developed. Workstream leaders used this to monitor and update their own progress and to keep track of their colleagues’ activities. Monthly, and when needed, weekly meetings were held with project leaders to update the tracker, identify risks and issues, plan for the next phase of activity. The tracker proved to be a simple but invaluable tool for identifying and correcting deviations from the project plan and coordinating inter-dependent deliverables. It was used to calculate actual project expenditure against projected spend and make

changes to resource allocation if required. Finally, the achievements of each workstream, risks and issues were collated into monthly status reports.

- A communications plan was developed and implemented. This identified a series of coordinated activities aimed at ensuring effective communication with front line staff and between workstream leaders, senior managers, the Board and other stakeholders. A project bulletin was produced electronically and in hard copy which was sent to all employees on four geographically dispersed sites. The intention was to promote a feel-good factor, motivate commitment and increase awareness of the opportunities that the changes would bring. The emphasis was on keeping people informed about developments, celebrating achievements and getting feedback from frontline staff about how they were championing the changes. Mini case studies were developed to demonstrate successful achievements, reinforce core company values and build a distinct shared culture.
- Workstream leaders were coached to support the delivery of challenging objectives and transfer knowledge.

THE BENEFITS

Here are some examples of what some of the workstreams achieved with support from Ad Esse

Product Alignment: All core products and add-ons for each site were reviewed to ensure that the Group has the widest possible range of competitive and profitable standard products. Recognition by suppliers of increased business status was confirmed by workstream leaders who noted that contact with insurers reinforced the growing status of the Group.

Process Alignment: All items identified under the scope of the project were delivered, including: sales and increased earnings, improved retention and earnings from renewals, improved customer service and cross selling of products. An increase in operational efficiency by a further 25%, as measured by cost of each transaction was achieved. In order to improve customer satisfaction and meet customer demand, Customer Services shift patterns were increased to cover evenings and weekends. All operational processes between the four sites were fully aligned.

Marketing Alignment: A comprehensive marketing plan was completed and approved, and a new structure put in place including the formation of a new marketing team. Work began on re-branding the new company beginning with a brand audit.

HR Alignment: Production of a recruitment policy which analysed the cost and benefits of structural and other changes, recommended cost reduction strategies and produced new standardised HR policies. A new Group-wide structure for HR was put in place. Gaps in staffing and service levels, skills and capability were identified and relocations and new job opportunities were identified and filled.

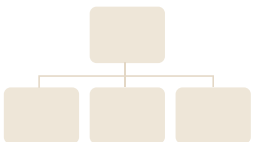
IT/IM Project Objectives: Meetings were held with all workstream leaders to define and cost initial IT/MI requirements and SLAs were put in place. A new MI team was appointed and a development plan was produced and approved. A large part of the IT function was outsourced, for example, help desk; desktop support; hosting infrastructure to support a data warehouse; e- mail system and document storage. A disaster recovery plan that can be fully in place within 48 hours was produced.

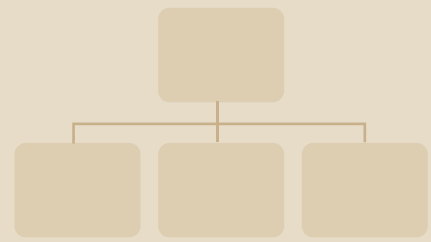
Quality Assurance: Current non-regulated and risk management requirements and obligations/commitments were identified and a compliance team was appointed. All immediate compliance requirements were met and an FSA inspection was successfully completed. Internal quality audits for major departments on the three sites were completed.

Business Planning: A consolidated balance sheet was produced and a single legal business entity was formed.

LEARNING POINTS AND NEXT STEPS:

- Managing change and project management - The project managers involved in the project were relatively young, ambitious and a great asset to the company. However, their approach was marked by inconsistent and incomplete levels of understanding and experience of managing multi-strand projects. At one extreme there was a reluctance to commit anything to paper and a preference for mental record keeping. At the opposite end of the spectrum, Microsoft Project was being over-used to





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plan and update daily progress. Between these extremes a range of project management approaches and tools were being used including: lists, prioritisation criteria, short term forward planning and milestone setting. Inconsistent approaches to project management made it difficult to align business functions, plan future actions, identify and manage interdependencies, manage risk and monitor progress. It was recommended that the workstream leaders and other middle and aspiring middle managers were given the opportunity to develop a common approach to project management that would provide a consistent company wide vehicle for implementing future change projects.

- Mapping and improving key processes - Excellent business performance depends on well-structured systems and effective processes. Whether or not they are purposefully developed, processes will evolve to achieve essential business activity. However, the resulting processes may hinder rather than enhance performance. It was recommended that business process reviews and improvement projects were piloted, in key areas such as Quality Assurance and Operations. The aim of these projects would be to map and review existing processes, document and put in place improved processes and develop the internal capability required to manage further process improvements. Additionally, it was suggested that the client might consider the benefits of performance improvement approaches such as Lean, Six Sigma and Balanced Scorecards.
- Leading teams and communication - A project team is by its nature a discreet entity with a limited life cycle. However, in its short life it often needs to make great changes and achieve large scale improvements. It was observed that workstream leaders did not always acknowledge their contribution to the overall success of the project and were at times reluctant to acknowledge and address interdependencies. However, as the alignment project progressed, there was less of a tendency to blame colleagues for delays and a growing recognition of the need to jointly own and sort out problems. It was recommended that managers would benefit from developing teamworking knowledge and skills.

Finally, we are pleased to note that the project was completed considerably earlier than originally planned, resulting in a significant saving for the client.

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PHONE: +44 (0) 870 458 6162 EMAIL: seriousfun@ad-esse.com WEBSITE: www.ad-esse.com