

Transformation Execution StrategiesSM

Insights to empower you to transform enterprise performance

enterprise Transformation Maturity Model (eTMM) –Part II

Publication Category: Research Update
Publication Title: enterprise Transformation Maturity Model (eTMM) . Part II
Publication ID: US-SGA-TES-2006-007
Domain: All Domains
Topic: Execution Strategies
Released: May 30, 2006

Context:

The enterprise Transformation Maturity Model (eTMM) was conceived in 2005 via a joint effort by First Kernel Consulting, Inc. (www.firstkernel.com) and the 2020 Enterprise Transformation Center (<http://som.utdallas.edu/et2020/index.php>) at the University of Texas at Dallas (UTD) to assist enterprises develop exceptional transformational capabilities. eTMM is a prescriptive framework to assess and evolve the state of transformational maturity of an enterprise or business unit. The model assesses maturity in terms of 7(seven) leadership dimensions /capabilities and 6(six) execution dimensions /capabilities.

The intent of the eTMM framework is similar to that of the CMM (Capability Maturity Model) framework organized in the 1980s at Carnegie Mellon Software Engineering Institute (SEI) to promote maturity and standards in the discipline of software development.

The 7 (seven) Leadership dimensions of the eTMM framework were developed by Dr. Michael Oliff at the 2020 Enterprise Transformation Center, UTD. Dr. Oliff is a leading authority on enterprise transformation and has dedicated the past 15 years of his life to this subject, first at IMD in Lausanne, Switzerland, and now at UTD. Last week's research update provided a short overview of the 7 (seven) Leadership dimensions of eTMM, in part I of our coverage of the eTMM.

The 6 (six) Execution dimensions of the eTMM framework were developed by Andy Pulianda, First Kernel Consulting, Inc., an industry authority on Enterprise Performance Transformation, and is described briefly in part II of our coverage this week.

Analysis:

In contrast to point-in-time, reactive, one-off efforts to optimize costs, staffing model, service quality and in-house capabilities, transformation involves continuous optimization of your costs, staff, service quality and in-house capabilities in alignment with, and in support of, your broader business transformation strategy . without abrupt disruptions (as is generally the case with the former approach) to operational capabilities in domains like IT, Finance & Accounting, Human Resources, Supply Chain Management, Customer Care and Product Development.

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To be able to execute effectively on Transformation, enterprises must establish exceptional capabilities in the following 6 (six) transformational execution dimensions, covered by the eTMM framework:

1. Infrastructure
2. Methodology
3. Metrics
4. Tools
5. Training
6. Visibility

Each of these dimensions / capabilities are briefly described below.

Infrastructure:

This capability refers to the active use of either a Transformation Management office (TMO) or a Shared Services Office (SSO) within your enterprise domain. The TMO /SSO provides overall coordination for critical transformational actions pertaining to costs, staff, service quality, benchmarking, outsourcing and supplier governance within your domain . while aligned with the broader business transformation roadmap /strategy.

Methodology:

This capability refers to the use of a methodology to ensure ongoing adjustments in your costs, staffing, service quality, etc. One approach involves first organizing the operational aspects of your enterprise or domain as an assembly of functional building blocks each block representing a specific function (examples: order-to-cash process in F&A, recruitment process in HR). Ideally, these blocks would be standardized (example: using a process framework like the PCF from APQC (www.apqc.org), covered in one of our earlier weekly updates). Such a structure would then be associated with a life cycle methodology, employed by the TMO /SSO, and continually monitors the performance of each building block, and adjusts it to align with the suite of execution capabilities needed to address broader business objectives, via (say) in-house and /or outsourced resources.

Metrics:

This capability refers to embracing and integrating metrics and benchmarking into the life cycle of processes within your enterprise domain. Given the increasing use of third parties for IT and business functions and continued improvements in costs and quality of outsourcer offerings, the use of metrics and benchmarking allows you to know how well a particular process is performing and /or how well an outsourcer is performing. Here again, APQC has pioneered a set of neutral performance metrics and benchmarks for hundreds of processes and are already used by leading Global 1000 organizations worldwide.

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Tools:

This capability refers to use of transformation tools within your enterprise /domain to integrate you and your ecosystem partners and collaborators across the entire process life cycle. With the discipline of transformation becoming mainstream, more and more tools are arriving, focused on areas such as Contract Lifecycle Management (CLM), Supplier Governance and Services Delivery Management.

Training:

This capability refers to focus and investments in developing a competent transformation team within your enterprise, capable of supporting senior management as well as functional management.

Visibility:

This capability refers to availability and active use of KPIs (Key Performance Indicators) pertaining to processes within your enterprise /domain. These should cover staff productivity, cost effectiveness, compliance accuracy, cycle times and other aspects, and should, in conjunction with the methodology and tools, provide you a navigation system and a cockpit view of the performance of your domain at all times, similar to the capability afforded to a pilot of an aircraft while in flight.

Each of the above execution capabilities /dimensions are assessed within a range of 5(five) progressive levels . Introductory, Moderate, High, Superior and Exceptional. The assessment establishes your current-baseline and facilitates discussion and decisions regarding closing gaps.

Progressing to the next higher level generally lowers associated internal variable costs by 5% to 8% per year.

Also, the ETM Forum, co-founded by UTD and First Kernel (<http://som.utdallas.edu/et2020/forum.php>), is establishing a blinded global repository of eTMM-Execution scores of enterprises across all industries worldwide, to help you to benchmark your enterprise /business unit eTMM-Execution maturity scores against those of your peers and competitors.

Take Away:

As an enterprise leader, you either drive the transformation of your enterprise or your ecosystem and competitors will drive it for you. Exceptional capabilities are therefore critical to effectively executing on your business transformation strategy and roadmap. The eTMM-Execution framework empowers you with a structure to achieve it.

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2020 Enterprise Transformation Center; ETM Forum;
First Kernel Consulting, Inc., APQC

Websites: <http://som.utdallas.edu/et2020/index.php>

www.apqc.org

www.firstkernel.com

<http://som.utdallas.edu/et2020/forum.php>

Publications: None

About First Kernel Research

First Kernel Research is a unit of First Kernel Consulting, Inc. We are experts in Enterprise Performance Transformation. We help enterprises develop and execute exceptional performance transformation strategies and initiatives to continually align costs, service quality and capabilities with the overall strategy and imperative of the enterprise.

Our Clients leverage the integration of our expertise, intellectual property, tools and guidance to achieve or surpass their SG&A performance targets. First Kernel has developed the industry's first *Enterprise Performance Transformation System*TM, currently pending a United States patent.

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