

VisionWaves promises to optimize IT-contribution

“We let the business determine the IT-agenda again”

The business often asks the IT for as much added value as possible against the lowest possible price. Many IT-organizations therefore become cost-focused, whilst the business strategy requires something different. The application of strategic value chain management claims to prevent this management mistake.

VisionWaves' message to the world can be summarized unambiguously and clearly: The increasing complexity of large businesses causes more and more managers to lose overview of their business. They fail to see the cohesion in operational management. That causes the strategy

and execution of many of these businesses to drift apart. The 'strategy leak' that thus comes into existence needs to be made visible and needs to be fixed. To this goal, VisionWaves has developed a self-proclaimed innovative and comprehensive management approach, labeled 'strategic value chain management'. This approach aims to recover the overview of managers and recreate cohesion in business management. Value chain management is the mainstay of this cohesion, according to VisionWaves.

It had to be simple, yet all-encompassing

Organizations, including their suppliers, can best be viewed as a chain of links. By means of a software-translated model, VisionWaves Delta, the relations between strategy and goals on the one hand and performance on the other, are mapped out.

Along these lines, the strategy *can* be translated one-on-one, without loss, to tactical and operational level. Predicted result: the company is back in control.

Creation

The theory sounds magnificent, but we would like to investigate this well-presented story further. The first intriguing question is: what is this range of ideas based on, how did this insight originate? Harald Kokelkoren, co-founder and director International Business of VisionWaves comments: “Before we started VisionWaves, we acquired some crucial experience as business advisors at a large consultancy firm. We noticed that most projects only focus on one specific problem. That sole problem needs to be solved. The solution is preceded by a solid research. That is fine in itself, but the implementation of this research into practice often does not get off the ground. In the end, the research findings are put on dusty shelves.

I understand this, because I have been a manager myself. As a manager, you have very limited time and attention for projects like these. You are constantly busy running your company or division. Today's manager is overwhelmed with heaps of well-meant information in several shades and shapes, and needs to make head or tail of all of it. In most cases, this results in decisions being taken based on the intuitive gut instinct of the manager. That means that a lot of investments, particularly in the IT, have little or no result."

Kokelkoren and companions, lead by Alfred Godeke, who, as we understand, needs to be credited with the mental legacy of VisionWaves, came to the conclusion that they needed a tool that acknowledges the multidimensional complexity of organizations, but at the same time enables the visualization of such a complex organization to all managers on all levels, in an easily interpretable image.

Kokelkoren: "When we started thinking about this methodologically, we realized it needed to be more than a process description of what was happening. It only starts to mean something if you include performance or risk. That makes it dynamic. That makes it meaningful not only for the

present, but also for the future. This insight made clear that our idea needed to be IT-driven. That is the only way to make it dynamic. Otherwise, you'll get a report, and that is two-dimensional."

Search

"We were looking for a tool that brings cohesion," he continues. "That means both processes *and* performance. Strategy *and* organization. Projects *and* IT. All together in one cohesive image." He remembers their initial thought: something like this probably already exists. But that turned out to be false!



*Harald Kokelkoren:
"At first we thought:
if managers have this
system at their
disposal, they will use
it frequently. Well,
that turned out to be
a false assumption.
You really have to
pull them in."*

"We searched in the areas of simulation environments, process modeling, and in the then still upcoming SOA-branch. We looked into what the ERP-branch had on offer... In all these places we found pieces of our puzzle, but never the finished product. In that case, we concluded, we need to make it ourselves. Otherwise we will lose too much of our initial vision and ambition. VisionWaves had her own tool developed, in which the core concept remained the intuitive understandability of the model for any manager. A good user interface was considered of the utmost importance. It had to be simple, yet all-encompassing. Kokelkoren remembers: "The first programmers that we approached to develop something for us, were students from the Technical University of Delft, who studied industrial design. They were not programmers in the strict sense of the word, but people who could also think about an appropriate design to reach the target user.

The Model

Put up against the wall in the VisionWaves office in Zeist is a very generic image of the strategic value chain of an organization (see page 16 for a

schematic version of the image). “The most important question to start with is: why does this organization exist, what is its added value,” Kokelkoren explains. “You find this on the far right of the scheme. We answer this question by sitting down with a team of managers and asking them first and foremost: who are your stakeholders? This can concern shareholders, costumers, clients, own employees, suppliers, and so on. Our second question is: what do these stakeholders want from you, what is the value they expect you to deliver? Examples are: a certain net profit margin, reduced CO2-emmission, a certain risk level, et cetera. To create these values an organization will need to produce results. For instance, concerning market share, efficiency of employees, costumer relations, financial results, results in HR... Well, results can only be produced if our products reach our clients. And if our products please them. So, on the right side of the scheme is the ‘what’. The ‘how’ – meaning via what product-market combination – is placed in the middle. And since products are the results of processes, you’ll find those on the left side of the scheme: mid left are the primary processes, top left the managing processes, and

bottom left the supporting processes like transport or HR-services.

At the beginning of the scheme we see: who are my suppliers and what is my input. For example: if I am a business unit, I receive a certain budget and I will have to operate within that set budget. That is a precondition. On the whole, it is actually very simple, absolutely no rocket science. You can talk people through the model fairly easily.”

Responsibilities

Once the organization has qualitatively mapped out what it wants to achieve, the important question that follows is: who is responsible for what?

Kokelkoren: “That is the exciting part, because we literally start to fill in names. That is also the moment we ask: how can we measure performance? Quality is then translated into a quantitative measurement.”

When this track is covered – Kokelkoren calls it the ‘VisionWaves experience’ – a company has already created added value in one or two days. The value chain is up and running. What remains is further specification and fine-tuning. The focus of this process depends on the goals at that time. Kokelkoren takes the example of a company that

wants to become SOX-certified. “That could have been the reason to start the process in the first place. Yet after that the focus shifts to the improvement of performance, or the implementation of ERP, or a cohesive and one-faced risk management... There are all kinds of these initiatives that surface continuously in different executing sub-divisions, but do concern the entire organization. We say: put all of this into our model, so that you continue to take steps forward. The model becomes more and more rich, increasing the organization’s insight into the cohesion, and allowing for better decision making about the future.”

Round Trip

VisionWaves starts at the top and slowly descends into the lower levels of the organization. This is done through the design of the value chain, which is mapped out on three distinct levels: strategic, tactical, and operational. If the image of what the top level wants to achieve is clearly developed, this is communicated to the lower levels. “Waving this image, you will develop the processes with the executing people. This way, you get a picture of where this image fits and where it does not fit.

Subsequently, you schedule another meeting with the top management. They thus receive very useful feedback, very fast. This is what we call a round trip.” Kokelkoren sketches how this circle works its way all the way into the IT-layer. The top level management makes strategic plans, the mid level managers adapt their plans accordingly, the managers on the work floor and in depots plan their schedules at a weekly rate, according to which people are instructed about their work on a daily basis. Those people adapt things in the IT, in ERP-systems. That leads to performances that are measurable and addable, and those results are on their turn communicated as feed-back to the strategic level. On that high-up level the managers can thus see: this is what our performance has been, so this is what our forecast will be. “That way, you achieve a situation of interdependency between divisions and levels, bringing back the cohesion in an organization.”

The System

The system that VisionWaves designed is called VisionWaves Delta. Kokelkoren recalls that someone once commented ‘you have replaced the SAP for the manager’. He understands that

VisionWaves can never market its product in that manner, but still appreciates the classification. “ERP is of course primarily focused on the executing people, who make their transactions, yet those transactions and the manager’s decisions to change are not captured easily. Our software *does* capture them. Literally! You put a scheme in the software, which enforces the Deming-circle, Plan-Do-Check-Act. That is – first you plan, which means creating a model and indicators with certain specific colors.

The value chain is mapped out on three distinct levels

Then you execute, during which people create data. And then you check: what is going on.” To our question if a manager can, for instance, consult the Business Intelligence environment, Kokelkoren responds with a resolute “absolutely!”. “That’s when we can spot that a certain trend is going in the wrong direction. The system asks the responsible person via an email to perform an analysis.



Alfred Godeke:
“But now I want to be agile, because that was my strategy. And now I have IT that is a-dynamic like a rock. That’s when I say: ‘Have a great game!’”

Via that email in Outlook you are directly connected to the environment in the system that is concerned. From that environment you are transferred to the appropriate BI, so that you can perform your analysis. A conclusion could be: I suggest we start a project for this purpose. Subsequently this arrives at the top level management or the management team of the specific business unit, who will make a decision. That is an Act, which will also be included in the circle. All this is captured in the database related to the process, or the product, or the client that is concerned. The creation of this cohesion and the

capturing of information means you did not just create a mere new tool, but mostly that this process is enforced. That people within an organization communicate with each other about the things they *should* be communicating about. That is the big secret behind the fact that our software actually leads to improvement.”

The perfect image that Kokelkoren draws up – which is already reality in some organizations – is that the system is projected on the wall with a beamer during meetings of the management team. The system shows what is put on the agenda. What should we be discussing? It says right *there*. What should we be taking decisions about? *Those* are the decisions that we should take according to the system.

“You could in fact say at a certain point: how much of our time is consumed by taking decisions related to this, which have effect, and how much time do we spend on unrelated issues? The system is thus also a kind of sanity check. That can work very powerfully.”

***You put a scheme in the software,
which enforces Plan-Do-Check-Act***

Managing Value

Over the years, the application of the system has taught VisionWaves that managers want to be approached by the system in a direct way. “At first we thought: if managers have this system at their disposal, they will use it frequently. Well, that turned out to be a false assumption. You really have to pull them in. That is why we made the system active in that sense that it sends out emails, as briefly mentioned before. You could, for instance, say: if this or that drops below a certain threshold, I want an email to be sent out immediately. We stimulate that managers do not manage event-driven anymore, but primarily respond to information.

They have to be in control, so that results can become predictable. In order to achieve that, they have to tackle the system first. If they have succeeded in that, they can start managing their value. With this I mean that they have to allocate every single moment of their working day towards creating value. That is what they need to achieve. If that succeeds, they know what to focus on, and what to ignore. They know what to assign, and what to do themselves.”

Business IT Alignment

All the aforementioned information shows that VisionWaves' holistic approach can be applied to many types of management problems. It thus seems to us a promising tool to help close the much-noticed cleft between business and IT. Harald Kokelkoren does not rebut that. "When business IT alignment is concerned, our approach is focused on recovering the link between the strategic thinking of the business on the one hand and the operational actions of the IT on the other. How do you achieve that the business management actually determines the IT production again? Indeed you see a large distance emerging between these two levels in many organizations."

But how does such a cleft actually emerge, we wonder. What is the cause? Kokelkoren's colleague Alfred Godeke, who has joined our conversation in the mean time, says: "Let me give you a typical example. A board of directors has a certain strategy, for instance that product introductions need to be executed as fast as possible. Because they are not a company that is a market leader, but a follower. So that means that if certain parties introduce new products, they have to be able to adapt fast. The IT division thus needs to be fairly flexible. You need an agile organization, to use the buzz-word. At that point I arrive at the scene of this organization and I think: what kind of organization is this?! The IT division has a whole strategy of its own. They are completely led by those TCO-models of Gartner. They are benchmarking and solely focusing on costs. At some point, the architects with their complicated landscapes arrive, attracting more than three hundred applications. So what is being said? That needs to be reduced. That

needs to be brought back to one. At that point, SAP or Oracle comes in with their solution, always based on a model that promises a cost-reduction. In reality, this never proves to work out, but based on this principle the major changes are implemented. They start building their system, only to find out that it is completely a-dynamic. The people who established the parameters are happy that the screens are on, and are ready to leave the building as soon as possible after a couple of years of hard work and a lot of trouble. And then the solution stays there. Untouched. But now I want to be agile, because that was my strategy. And now I have IT that is a-dynamic like a rock. That's when I say: 'Have a great game!'"

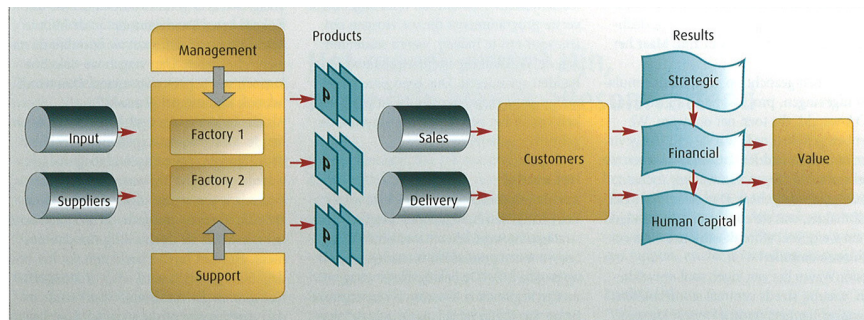
VisionWaves' Approach

"The first thing we do anywhere we come is very basic", Godeke continues after we ask how VisionWaves approaches an organization in which business and IT ran off on separate tracks. "We let the business, so the management team or the board of directors, determine the IT-agenda again. Because what I often encounter these days, is the exact opposite. IT often comes up with too many projects that cost too much, and asks for prioritization. This leads to a few very painful and difficult sessions, with a lot of groaning and moaning, and then their plans are reduced to something that fits within the budget. But what *should* happen is: where do we want to be in three or five years from now? What do we need and how do we get there? And from that starting point, the IT should be told: we want this or that. We understand this is difficult, but this is the budget, and this is our vision for the future. So this is what we chose to do, and this is what we leave aside. You can have a whole strategic and not even very

complicated discussion about it. But this hardly ever happens and it is unclear to me why not. With our methodology and the implementation of VisionWaves Delta, this discussion is easily enforced.

'TIME FINALLY RIPE'

VisionWaves has attracted the attention of the Gartner analysts by now. In the Gartner report 'Cool Vendors in Business Process Management, 2008', published on the 3rd of April, the company is raised as one of the four BPM-suppliers that we need to keep an eye on because of their innovative technology. VisionWaves sees this as a confirmation of the vision that drove her to existence in 2000. For Alfred Godeke, founder of the VisionWaves mental legacy, this recognition by Gartner comes as no surprise. He still remembers vividly that around 2003, 2004 both Forrester and Gartner called for the vendors in the market to stop treating process management and performance management as two separate arenas. "That is easily said, but behind that call hides thirty years of automation," he remarks. "Because we have the people who traditionally think process-wise, like



VisionWaves strategic value chain.

ERP, or organizations like SAP, and we have the world around them, composed of those guys who solely think data-wise.

The fact that Gartner and Forrester made that appeal in 2003, 2004 shows what state the world had reached at that point. That that link still did not exist at that time, while our approach has never even made that distinction in the first place. We considered it self-evident not to do that. But from a technology perspective it is of course not as obvious, since it is evolutionarily structured in that separated way. We, however, come from the business world. And there you do not separate process and performance. In our world, the strategy is leading, you manage towards improving performance, and you design your processes in order to be easily adaptable to repair a possible halt in performance. That is how you reason from a business point of view."

Godeke is thus not surprised that the market is now, about five years after the call, finally ripe for a solution like the one that VisionWaves offers. Rather, it amazes him that it took so long. "Forrester says we need to work towards EERM, which is short for Extended Enterprise Resource Management and is in fact no more than a plea for strategy-implementation. And Gartner embraces our approach, which is by the way labeled the 'business anchor model' in their reports. For us, this is a sign that the time is finally ripe for the things we have invented and designed years ago."