Optimizing Integration A Proactive Path to a Cost-effective Enterprise

Tom Morley, President
Snowflake LLC

May 7, 2015

Welcome

Optimizing Integration
A Proactive Path to a Cost-effective Enterprise

- ASP 2015 Annual Conference – **Non-profit Track**
- Presented by –

Tom Morley
President, Snowflake LLC

Tel.: +1.540.931.9943
E-mail: tom.morley@snowflakellc.com
Twitter: @snowflakellc

Session Overview

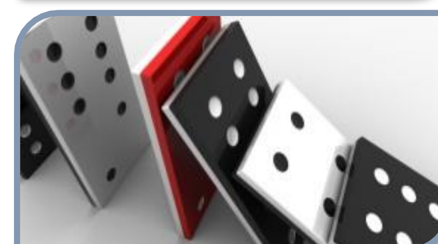
Objectives

- Understand integrated cost-effectiveness (ICE)
- Explain why achieving enterprise ICE matters
- Learn how to plan and manage an optimized organization
- Leave with at least one concrete action to build toward ICE

Session Overview

Key Topics

1. Definition and value of ICE
2. Organizational integration levers
3. Optimizing for enterprise ICE
4. ICE strategic planning and management
5. Managing integrated change
6. Benefits and challenges
7. Immediate applications



Sustainable Success

What ICE means

“Recognition, configuration, and proactive management of integrated organizational systems to drive to consistent fulfillment of your essential mission outcomes at an affordable and sustainable total cost.”

integrated organization

critical objectives focus

acceptable total cost

In other words…

ICE is your money working smarter, so that you can maximize your continuous impact as a non-profit organization.

ICE Up Close

Measure where it matters

- Business- or program-level goals
- Aggregate cost of the system

Secure the mission

- Assurance of critical objectives
- Least continuous delivery cost

Focus on contributions

- Optimized “butterfly effect”
- “Best for system” over “absolutes”

Why ICE Matters to You

It's "make or break"

- Cross the "core success" threshold
- Ensure continuity of critical services

It promotes better decisions

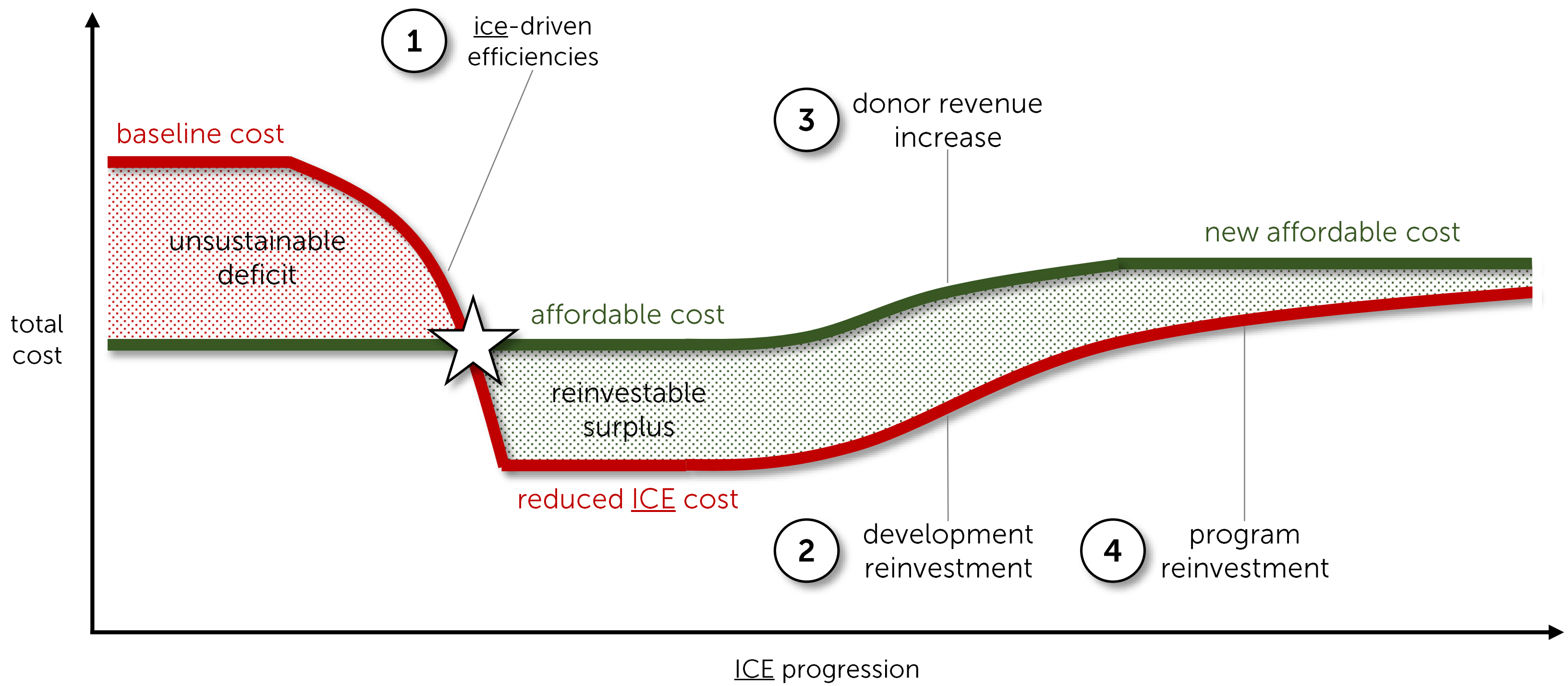
- Access a broader range of alternatives
- Minimize risk of unintended consequences

It can open new doors

- Capture and re-invest savings
- Improve, generate revenue, and diversify

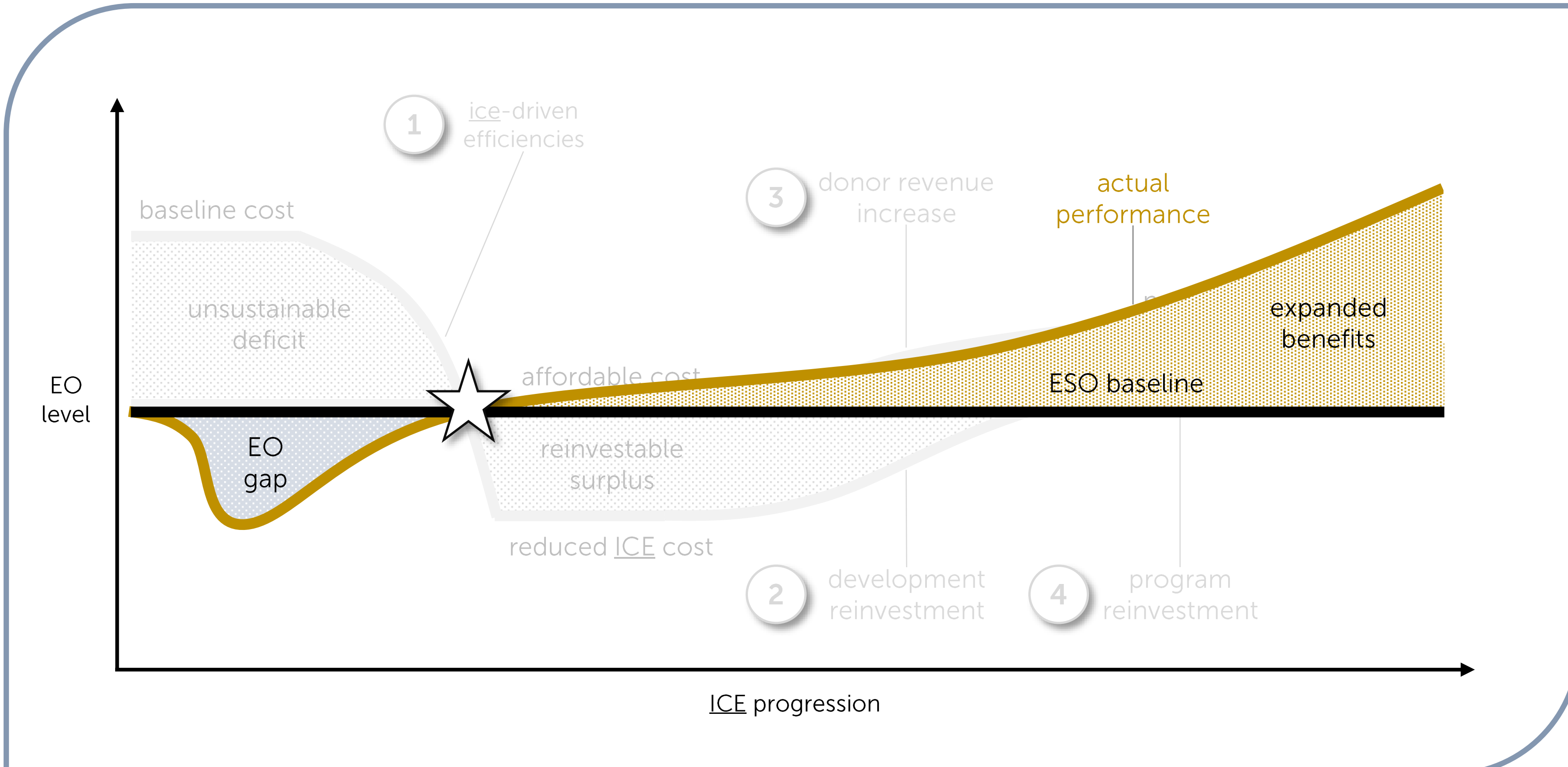
How ICE Works

Decrease cost and re-invest



How ICE Works (cont'd)

Secure and enhance performance



“Not n(ICE)” Organizations

Characteristics we observe

- Loose connections to the mission
- Everyone wants to be “best in class”
- Units work to individual bottom lines
- Providers and consumers talk past each other
- “Usual suspects” for cost control
- Small table for discussions and decisions
- Nobody minds the system

decisions

mission agnostic	unpredicted effects	systemic risks
limited options	missed chances	suboptimal returns

Practical Example

Organization Zero must take $2.5m cut over five years

Initial, component-focused approach

$455k per year net savings

Focus
Workforce Compensation

Approach
Lower salary ranges across the board

Impacts
- Unsustainable reliance on current staff
- Attrition, can't rehire same skills
- Forced transactional model
- Higher "premium pay" requirements
- Increased errors, rework, and exposure

Financial Summary

Savings Taken
- Average $435k regular pay
- $200k per year economies

Costs Added
- Average $135k overtime
- $45k per year replacement

Additional
- Legal and operations risk

Practical Example (cont'd)

Organization Zero must take $2.5m cut over five years

ice-based Approach

$5.2m per year net savings

Focus
Integrated Organization

Approach
Clean sheet for business requirements

Impacts
- Optimized, professionalized workforce
- Less supervisory attention required
- Improved results with better judgment
- Expert attention to complex requirements
- More focus on business management

Financial Summary

Savings Taken
- Average $35k regular pay
- $5m per year economies
- $150k management

Costs Added
- No added aggregate

Additional
- Reduced operations risk

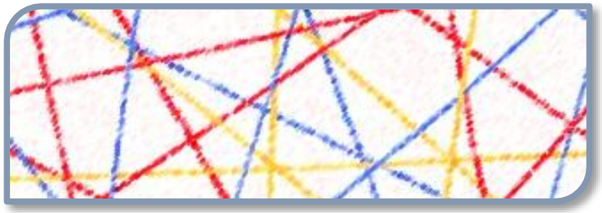
Everything is Connected

Organizations are integrated

Every aspect of a business, agency, or non-profit concern—strategies, organization, management, operations, etc.—is part of an interactive network that produces one or more business outcomes.

cross-functional

cross-component



whole life cycle

In other words…

Actions taken in one area have implications for others, and they may be manifest at any point in the relevant business life cycles.

Integration Attributes

Chain of effects

- Substantive, cross-system impacts
- Lateral or linear across the life cycle

“Bottom line” impacts

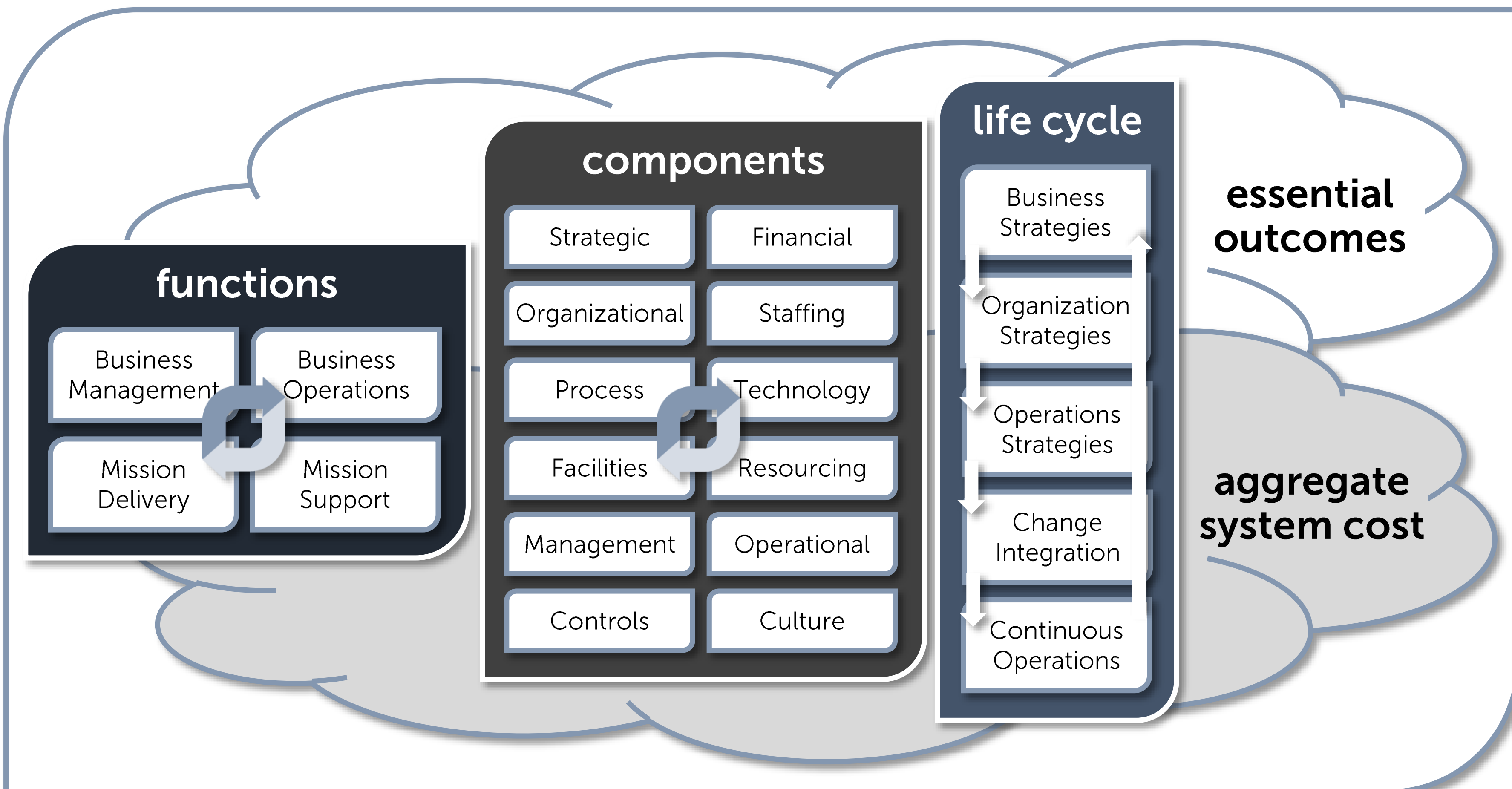
- Aspects influence system outcomes
- Often measured as if independent

Decisions for change

- Warrants broad-based inclusion
- Full scope needs to be understood

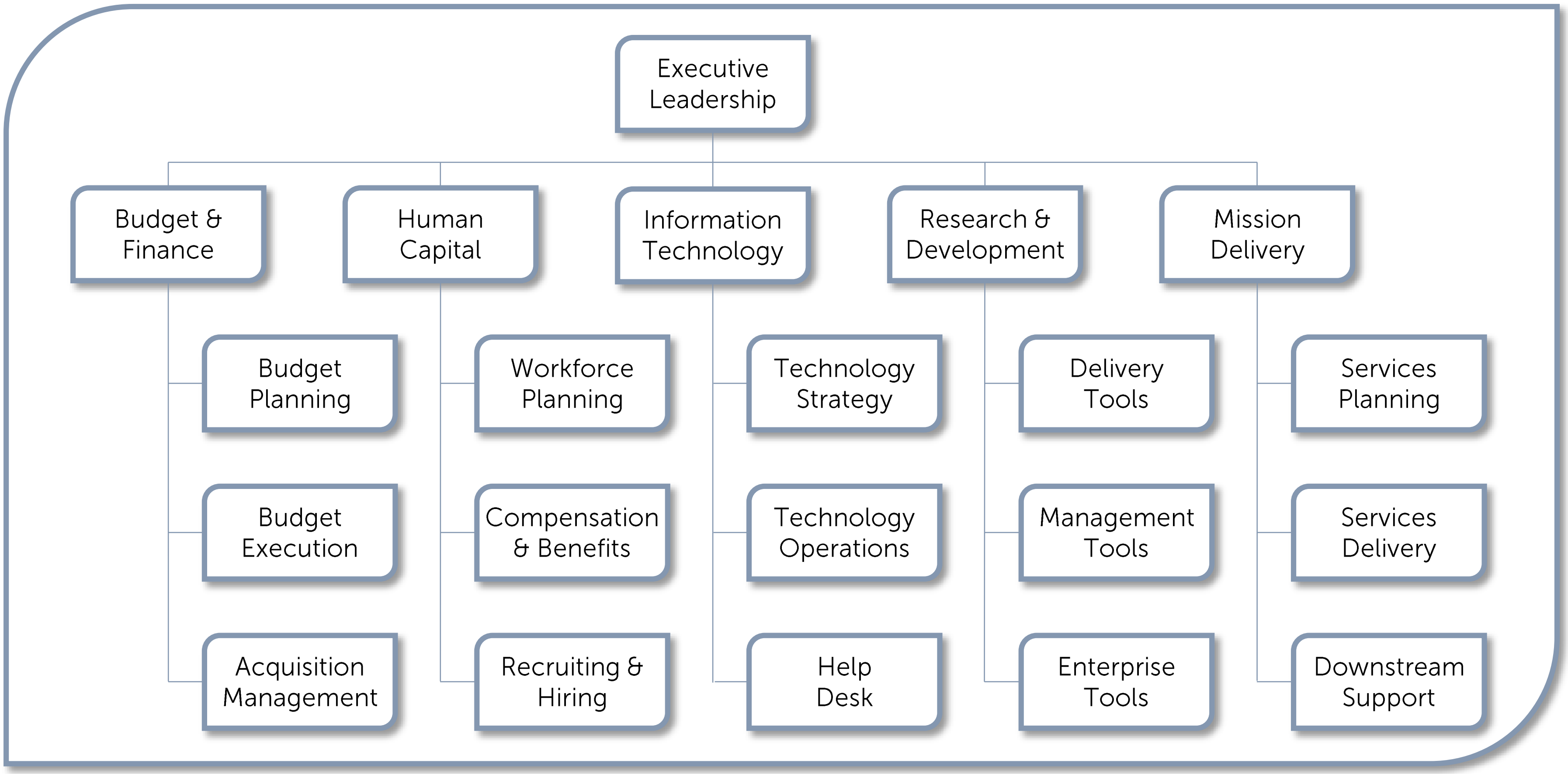
Elements of Integration

An integration framework



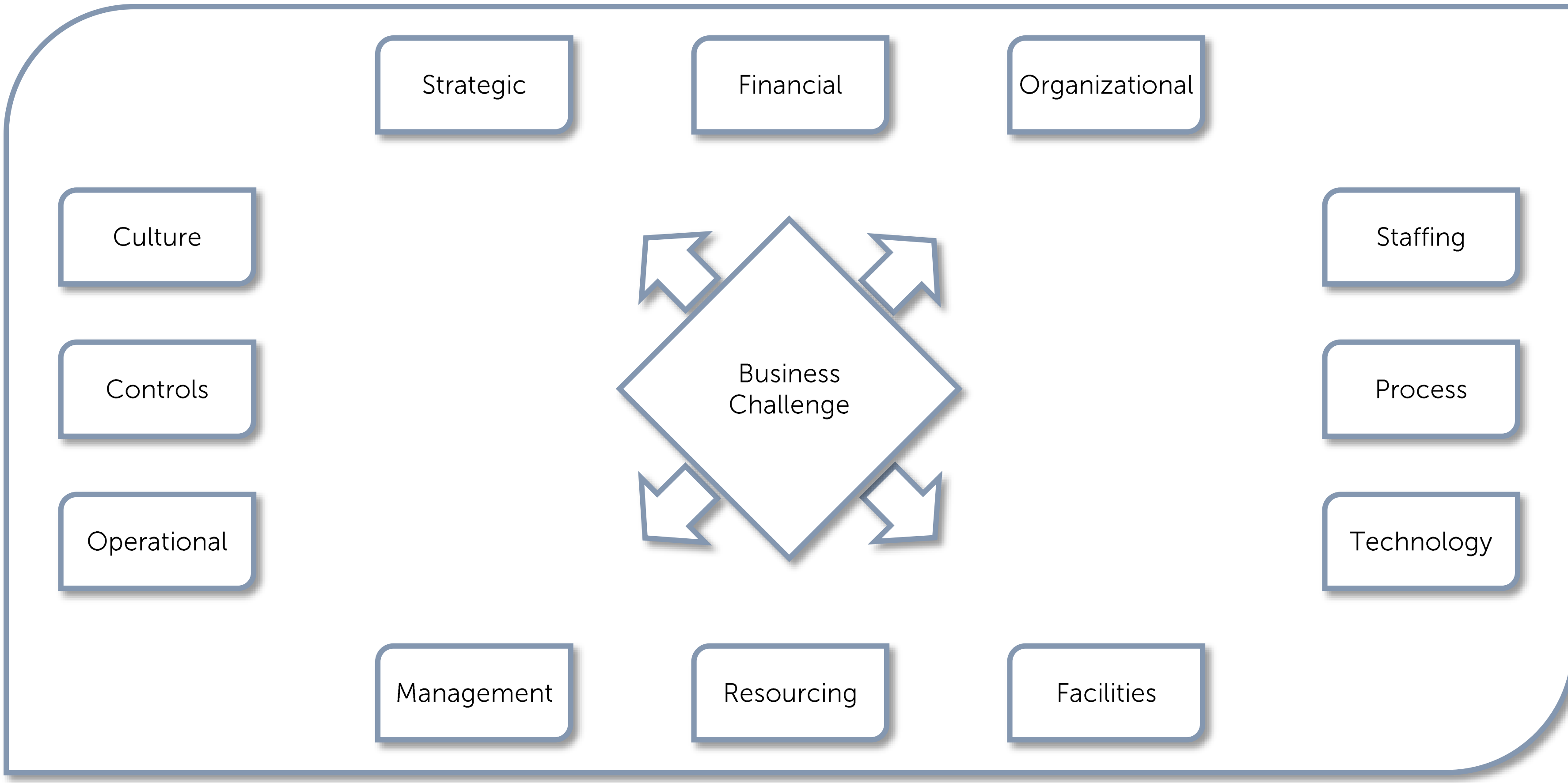
Elements of Integration (cont'd)

Organization Zero: Functional Integration



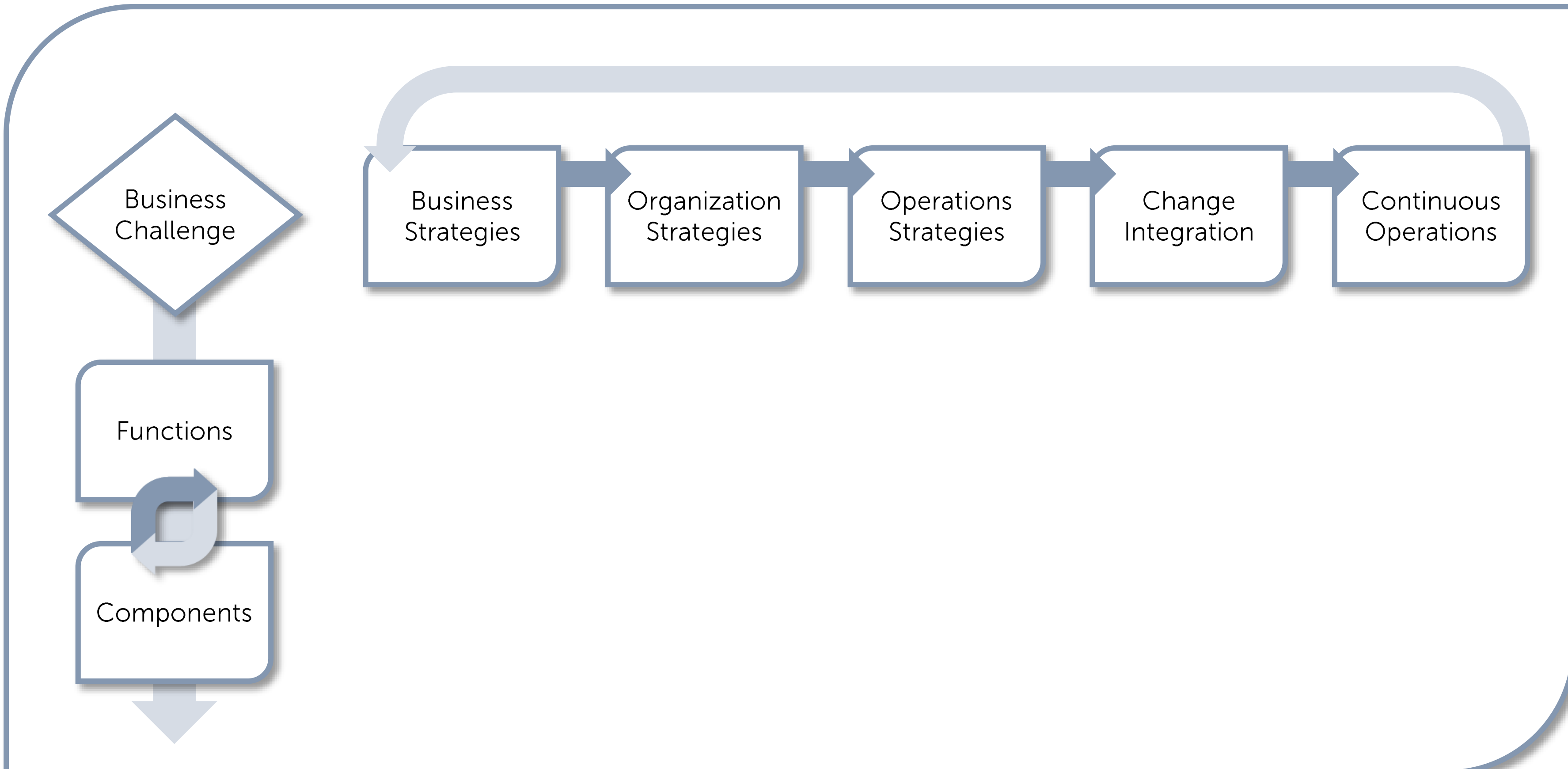
Elements of Integration (cont'd)

Organization Zero: Component Integration



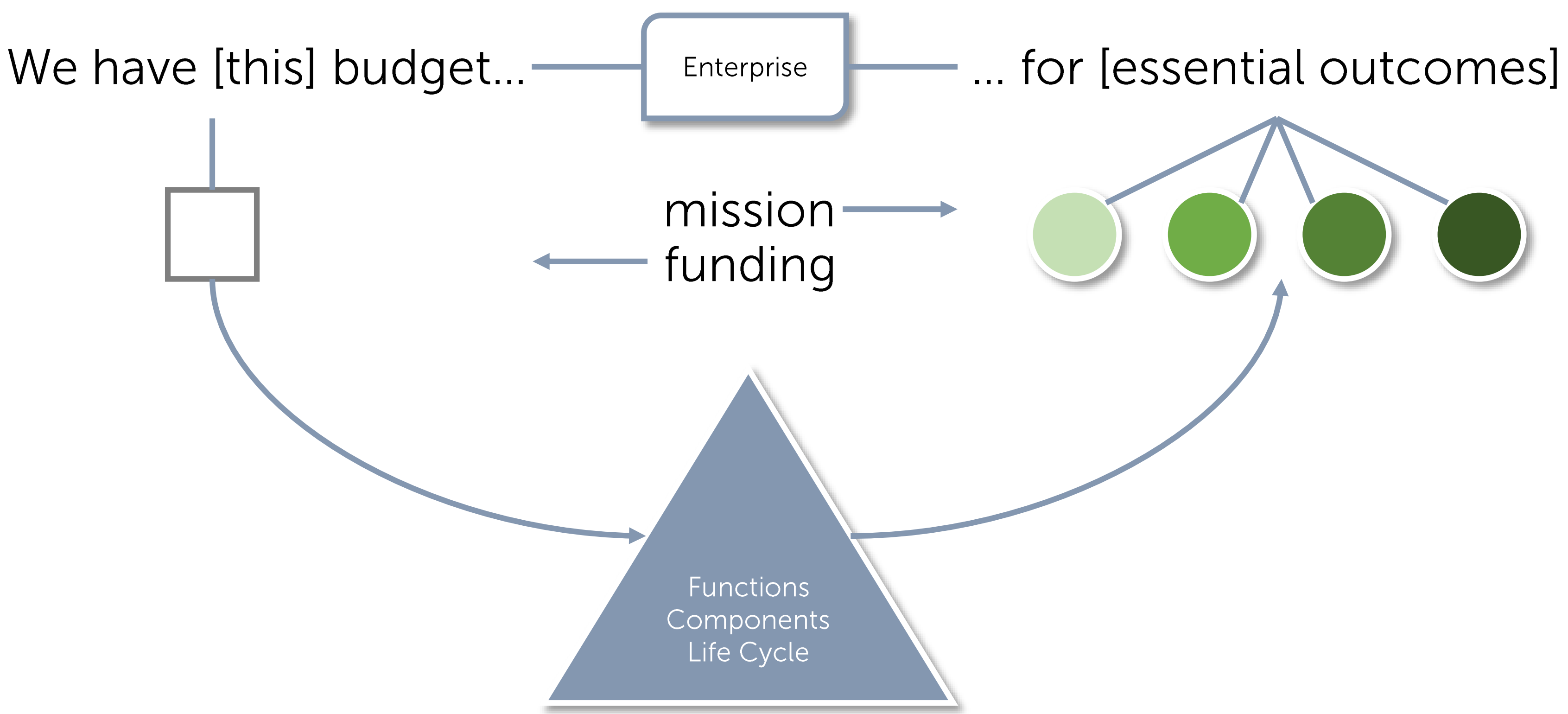
Elements of Integration (cont'd)

Organization Zero: Life Cycle Integration



Integrated System Optimization

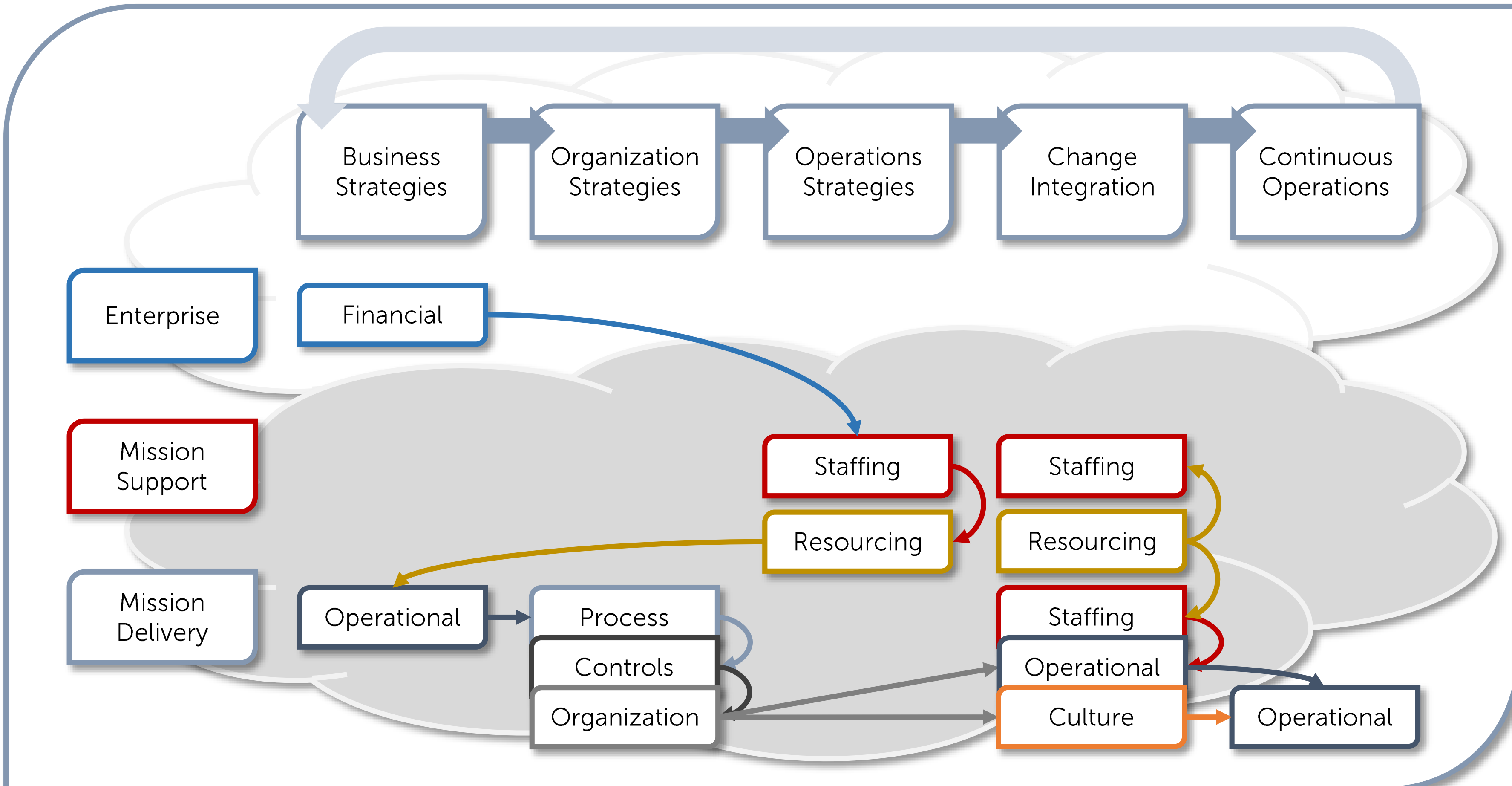
What matters is the "whole"



How do we configure an integrated organization to make this work?

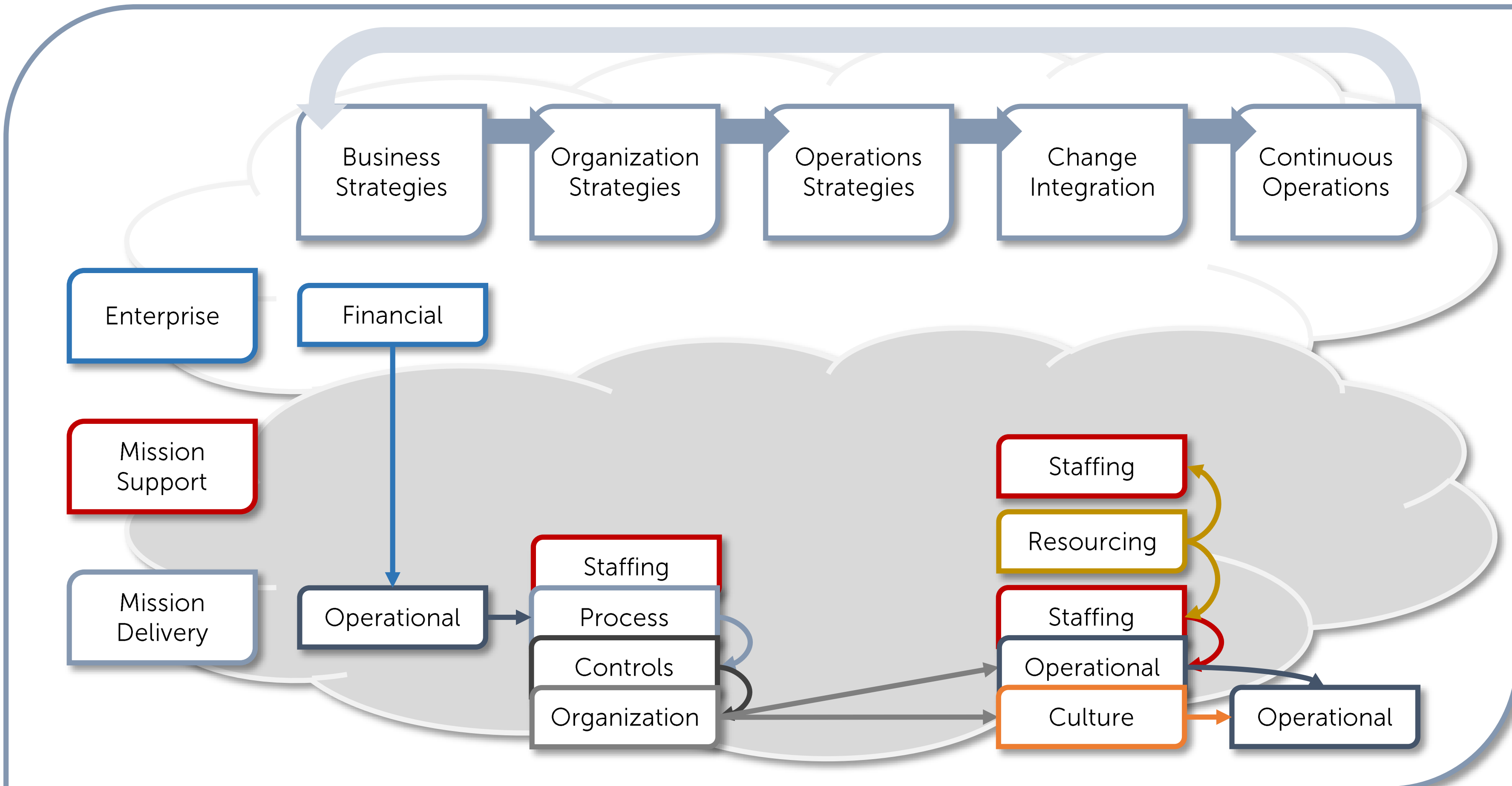
Winning with Optimization

Organization Zero: Approach 1



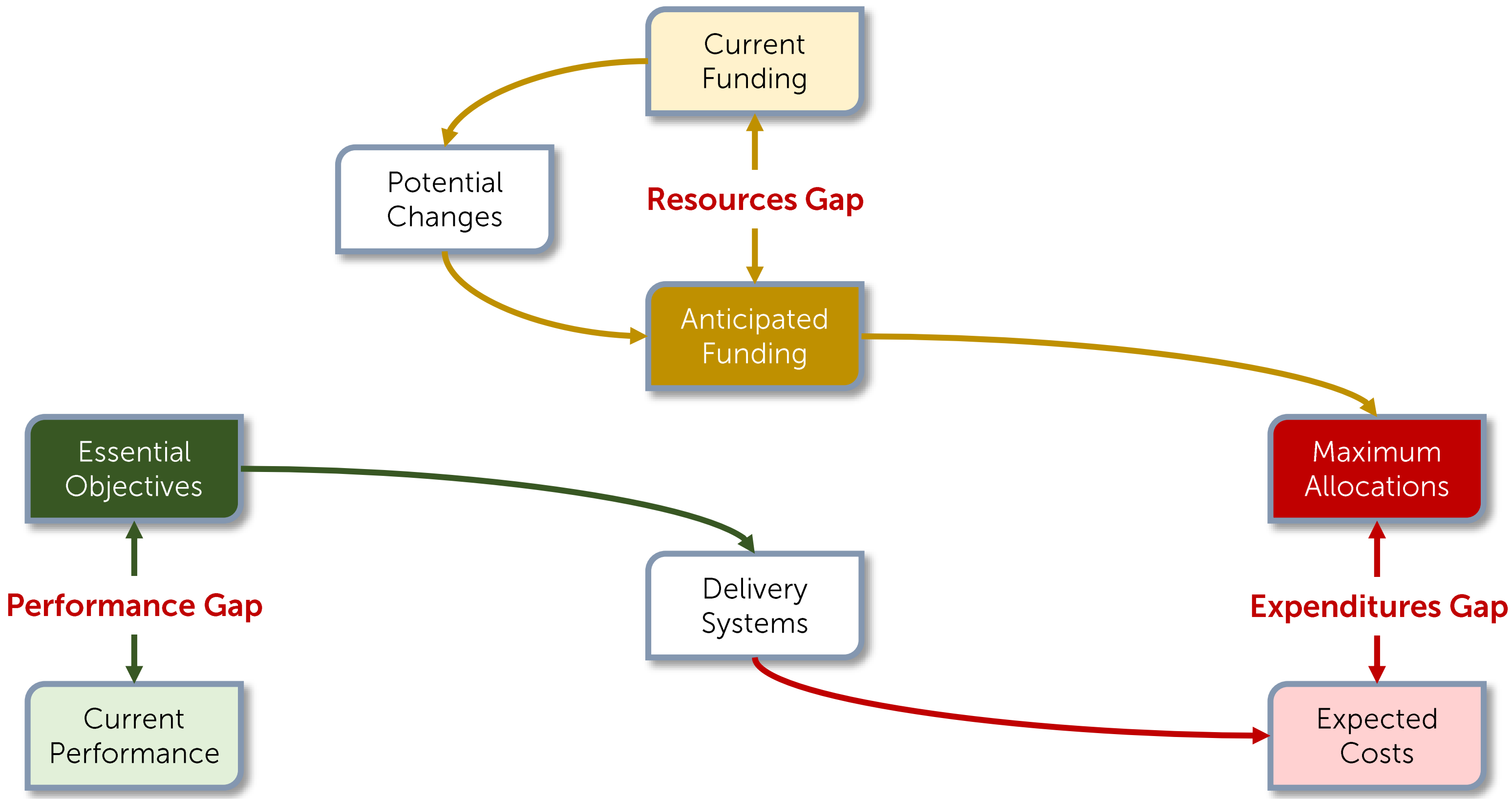
Winning with Optimization (cont'd)

Organization Zero: Approach 2



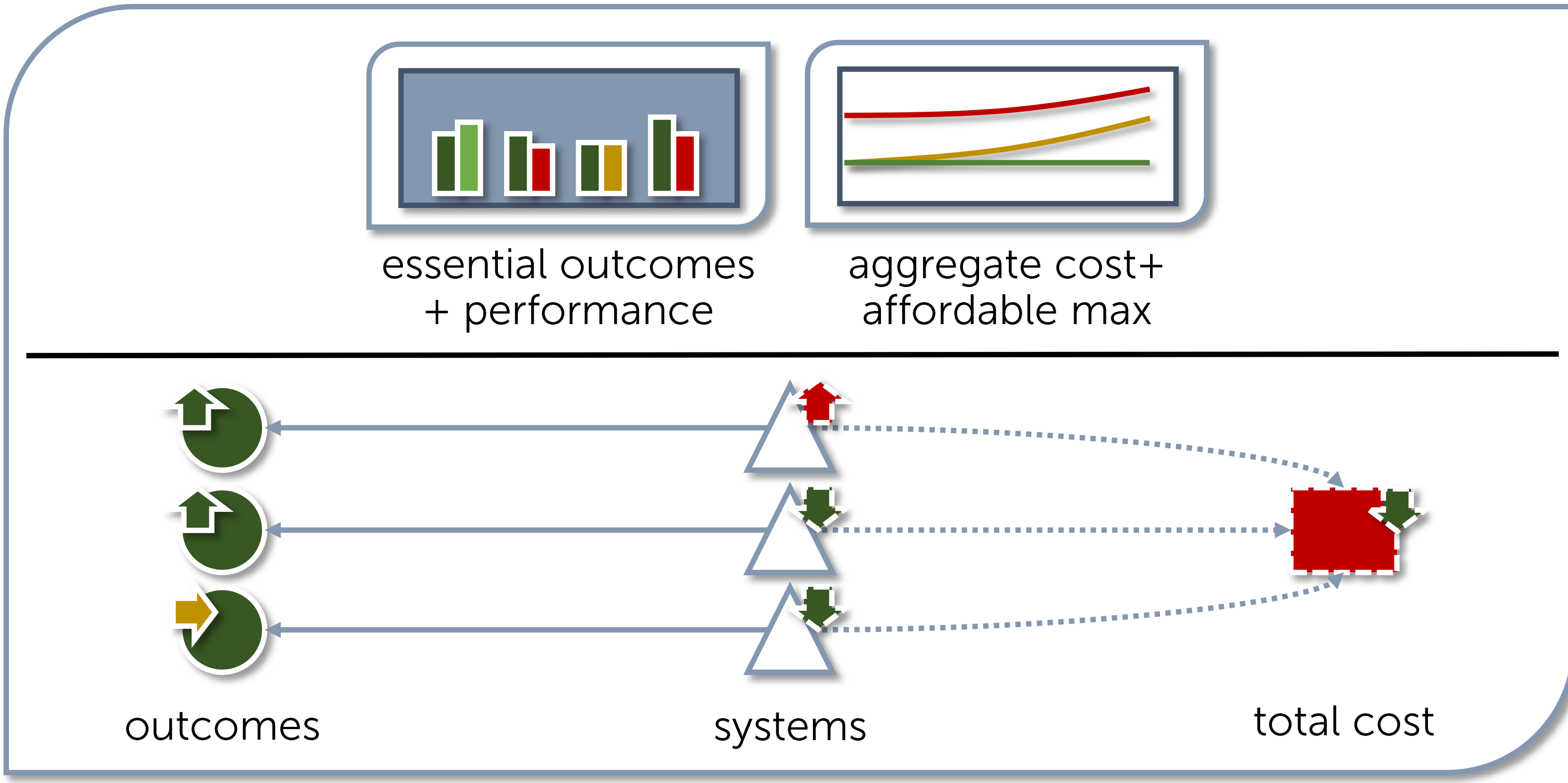
Enterprise Planning

Fissures in the ICE



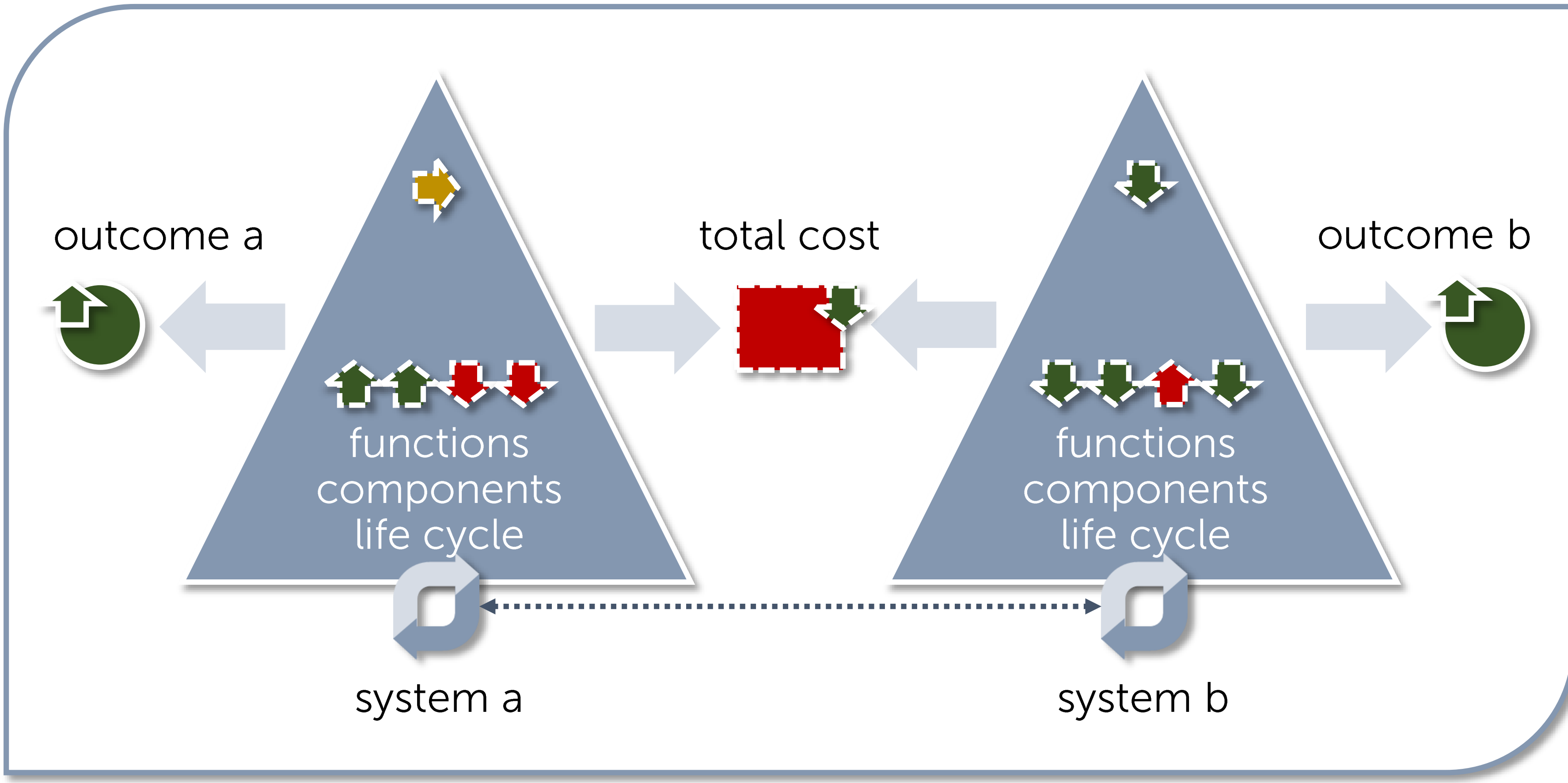
Enterprise Planning (cont'd)

Cost-effectiveness baseline



Enterprise Planning (cont'd)

Shifting the balance



Enterprise Planning (cont'd)

Closing the gaps

1. Assemble an integrated team
2. Set the parameters
3. Map the systems
4. Identify opportunities
5. "Game" the apparent best option(s)
6. Discuss feasibility and impacts
7. Model different scenarios
8. Select the optimum ICE alternative(s)

Enablers

- Realistic essentials
- Allocation flexibility
- Savings + income
- Fewest restrictions

ICE Management

On-going management

- Formal adoption of principles
- Adequate infrastructure
- Continuous measurement

New initiatives

- Evaluated in system context
- Diverse participation in discussion
- Executive decision-making

Open-mindedness: The right decision isn't always the most obvious.

Assuring Required Changes

Integration = Integrated actions

- Change at the source
- Coordinated changes in linked areas
- Importance of change feasibility

Setting the stage

- Inclusive planning process
- Explicit change “instructions”
- Proactive program management

Summary

What you're signing up for...

Benefits

- Improves outcomes
- Promotes delivery continuity
- Flexible to conditions
- Potential for re-investment
- More options, better decisions
- Less risk of unforeseen issues
- Creative, productive culture

Challenges

- Executive commitment
- Non-traditional thinking
- Ownership barriers
- Perils of participation
- Intensive process
- Specific funding earmarks
- Risk from change integration

What’s Next for You?

How can you apply ICE principles now?

- Micro-applications
- Delivery system management
- Initiative discussion and decisions
- What other actions can move you toward ICE today?

mission: affordable
delivery: sustainable
[experience unique]

www.snowflakellc.com
Twitter: @snowflakellc