Organizational Optimization White Paper

Introduction

Organizational Optimization is the process by which the OCM team facilitates the establishment of and transition to the amended infrastructure, necessitated by introduction of new and/or revised business processes. This business process change resulting from the SAP solution can affect the business in many different ways. The OCM team assesses the impact of change on the jobs and individuals (including those who are affected outside the immediate scope), and introduces tools and mechanisms to ensure that the change is managed and implemented properly with minimum disruption to the organization.

For example, the process teams may decide, as part of the SAP solution, to shift responsibility for the maintenance of the customer master data to the Customer Service Representative's role. The scope and responsibilities of the Customer Service Representative job will increase as a result. From an organizational perspective this could mean that:

- The job specification needs amending to reflect the increased responsibilities
- The training plan for the job needs to be expanded
- Reporting lines for the job may change
- Operating procedures for the job will need to be updated
- Other jobs may need to be amended to reflect these changes

In addition, there is an impact on the individuals who currently maintain the customer master data. These individuals will then, possibly, need to be reassigned and transferred.

The specific deliverables from the organization optimization process include:

- A role to task matrix
- An amended organizational design (if appropriate)
- A set of updated job descriptions which reflect the new scope brought about by the changed business system
- A transition plan for each position affected
- A training plan for each of the new positions
- An attendance list for each of the relevant courses applicable to the new job scope
- Redrafted operating procedures
- Security profile designs
- A transition plan for each individual
- A transition pack for manager to help them implement the changes

There are also soft issues that the organization optimization process needs to address. For example, the perceived change in power and status that may come from role changes could result in unwanted behavior. This is a risk, and needs to be identified as such on the OCM plan with mitigating actions.

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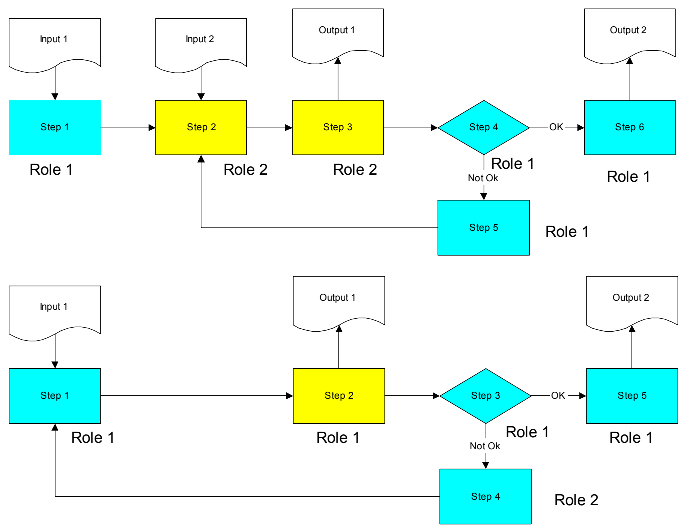
The Organizational Optimization Process

The organizational optimization is the part of the project recognizing that a key element of implementing a SAP solution is that processes change in two ways. The first is the change to the process itself; the second is to the actual job responsibilities involved in the processes.

Figure 1 below shows a process where role 1 and 2 will change significantly. Not all activities in the process may be SAP transaction based. Those need to be captured and managed in line with the SAP process. Furthermore role 2 will not have direct influence on step 2 any longer and thus may not wish to be responsible for the whole process. If different people carry out role 1 and role 2, the person for role 1 may not be appropriately positioned in the organization to carry this new responsibility.



As Is" Process/Role Description

"To Be" Process/Role Description

Figure 1: Process/Role Transformation

This example should illustrate the importance of capturing SAP and non-SAP activities and also the importance of assessing role changes. This is best done by carefully recording, analyzing and managing the changes from "As Is" to "To Be" processes. It is critical that both the SAP and non-SAP processes are captured and roles are assigned accordingly. The process for organizational optimization is illustrated in Figure 2.

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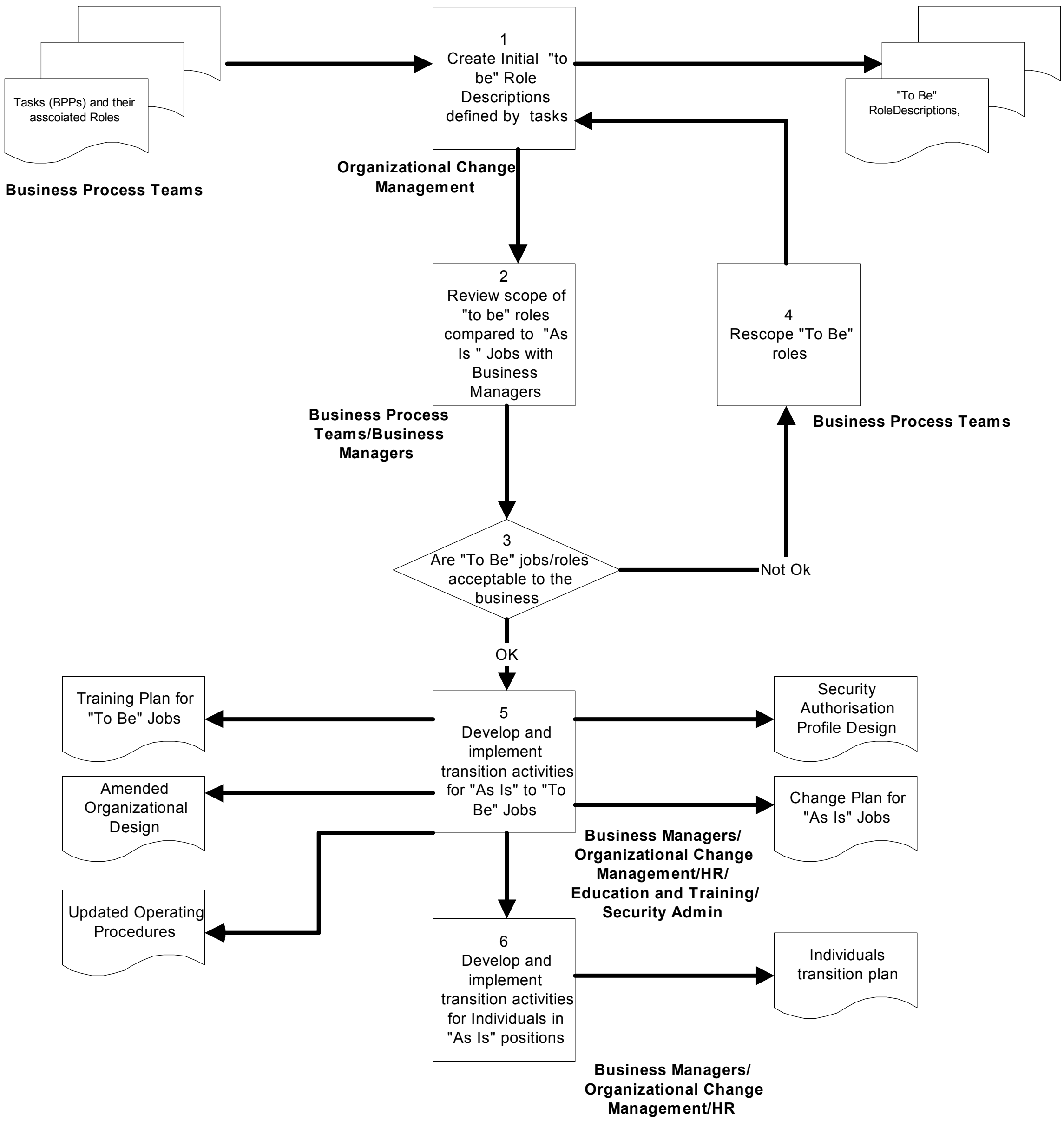

Fig 2. - The Organizational Optimization Process (Note: all steps and deliverables on the above process flow need to be reflected in the OCM plan)

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Description of Process Steps

1. Create initial "To Be" role descriptions defined by task

The business process teams are responsible for developing the new business design as part of the overall process redesign carried out during the Business Blueprint Phase. Normally, this is accomplished by running workshops with business representatives in which 'As is' and then 'To be' process flows are drawn up (usually on diagrams). OCM team members are recommended to attend or, at the very least, brief the workshop facilitators on the expected OCM deliverables. Please note: if the information is not captured at this stage, it will take much longer to collect at a later stage and its quality will rarely be as good.

The change in process from "As Is" to "To Be" should be clearly visible on the flow chart diagrams. The OCM team member, or their representative, should facilitate discussions about who has and will carry out the tasks. At this time, the 'who' should be in the context of a role rather than a specific position. At the end of each workshop the team should not only have a list of business process flows and information about SAP solution related activities and master data, but also a list of associated roles.

A role is a subset of tasks carried out by a job. A role description can be part of a job description. However, while role descriptions are generic for the task to be carried out, job descriptions tend to vary across the organization. For example, the amount of people working in a particular branch/outlet will dictate who can carry out a role. The scope of the role should be defined early in the project in such a way that it allows sufficient flexibility to map onto the various organizational structures and jobs that exist within the company without imposing a system driven organizational design.

While we focus here on role design associated with organizational changes, in the case of significant business process redesign, more information would need to be collected, analyzed and addressed. This is beyond the scope of the Value SAP OCM methodology. However, information about responsibilities, accountabilities and competencies should be packaged and passed on to those Experts in job changes outside the scope of the project. Where significant business process re-design is required, activities from other business re-design or engineering methodologies should be sought and used to supplement Value SAP.

Once each process team has collected the role information, the OCM team is responsible for bringing together the various design documents and creating a master set of roles. The objective of this step is to develop a set of roles that are small enough to allow flexibility in organizational design yet large enough to enable some degree of standardization throughout the company.

The master set of roles may go through a series of harmonization iterations depending on the scale of the project. For example, two members of a MM team may use the role descriptors "Accounts Payable Processor" and "Vendor Payment Processor" in their design documents. In fact, these two descriptions mean the same thing, and the project should harmonize on a single label for the role description. In addition, cross team descriptions may need to be merged to further harmonize the set of roles.

The assignment of user roles helps identify inconsistencies and gaps. Finally, a report on all user roles for business processes and system transactions can be generated and used as the master set of roles.

Once the initial list of roles has been created, it becomes the master list and is distributed to the process teams. This is to ensure the efficient allocation of roles to their rightful owners on the process teams, this is particularly important in the case of role names being used in different process teams. It usually happens at the end of Business Blueprint Phase, and the list is officially published in the Blueprint Report as an appendix. If a team should wish to change the definition of a role after publication of the list, create a new role or delete a role they should do so in consultation with the OCM team who are responsible for the maintenance of user roles.

The clarity and agreement of roles is critical to the success of subsequent organizational optimization activities. Roles provide the information not only for the new organizational infrastructure, but also for assessing the impact on the organization and identifying risks.

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2. Review Roles against "As is" positions

Using the role list from step 1, a detailed task description for each role as identified by the process teams should be created. This should be used as the basis for understanding how a role might map to a position/job and the consequential changes necessary to ensure a successful implementation. The process teams should be asked to review the "To be" role allocation to the "As is" jobs in the organization based on their experience of the company. This will produce a deliverable that can take the form of either, matrix mapping roles against jobs, or a role Impact Map. The first draft of this deliverable should be completed at the end of the Business Blueprint Phase.

This document should be used as the basis of discussion with line management at the beginning of the Realization Phase. The OCM team should facilitate the discussion between Business Management and the Project. However, the Process teams must organize this, as they are in a better position to justify why role decisions have been made. These discussions may take the form of workshops or interviews depending on the sensitivity of the subject matter, resource availability and organizational culture. The output of the discussions should be documented and approved by all contributing parties. The document should be completed by the middle of Realization Phase. The risks identified as a consequence of this structured assessment of the impact need to be recorded on the OCM plan with appropriate actions and measures.

Please note that the information sent out to the business for review also provides a valuable vehicle for communication, reinforcing key messages that the business needs to be aware of. This feedback loop should be recorded on the communication plan.

3. Are "To Be" jobs/roles acceptable to the business

The deliverable from the discussions between the Process Teams and the Business Management will be either of the following.

1. An agreement to support the "To Be" role definitions as defined by the process teams
2. A requirement to change the "To Be" role definitions (with the potential consequences for the process design, the overall new business system and the expected benefits).

In the event of the former, the process will skip to the process step "Develop and implement transition activities for "As Is" to "To Be" Jobs". Alternatively, should the outcome of the discussions result in an agreement to change the task definition of roles, this will require an amendment to the appropriate Business Process Procedures (BPPs).

3. Rescope "To Be" roles

If there is an agreement to amend the roles following the discussion between Business Management and the Process Teams, the latter should assess the impact of the change and advise the OCM team of the implications. The OCM team will then update:

1. The master list of business processes
2. Identify potential risks, which are then added to the OCM plan

Such a change may result in an amendment to a role, the creation of a new role or the deletion of an existing role.

3. Develop and implement transition activities for "As Is" to "To Be" Jobs

Following the agreement of "To Be" roles and their mapping to "As Is" jobs, an assessment must be carried out to develop and agree the transition activities necessary to move from the "As Is" situation to the "To Be". These activities may include, but are not restricted to:

- Creation of a Training plan for the roles (close working relationships with the team responsible for end user training is required)

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- Creation of Security Authorization Profiles for the roles and jobs
- Creation of new job description
- Re-evaluation/re-grading of roles and jobs
- New compensation plans
- Transfer to new department (may include geographic relocation)
- Creation of a new department
- Recruitment
- Changed reporting lines
- Amended operating procedures

A detailed plan should be created for each job within the scope of the project. It is the responsibility of the OCM team to create this plan and work with various stakeholder groups including Business Management and the Human Resources Department, Education and Training and Security Administration to ensure its successful completion.

4. Develop and implement transition activities for individuals in "As Is" positions

Once the “To Be ” as revised from the “As Is” Jobs have been agreed, the individuals occupying them must agree. If there are no significant changes to the scope of a job, in most cases, this will be the existing staff. However, in some cases, the existing staff may not have the necessary competencies to carry out new expanded roles, and may need to be replaced or re-skilled. The responsibility here should be that of Business Management and local Human Resources Management with assistance from the OCM team.

A development action plan should be created for all individuals affected by the system. This plan should map out the specific activities needed to ensure they are personally equipped to carry out the new responsibilities. Such actions will include:

- Career Development
- Training
- Reassignment
- Transfer
- Out-placing

A transition assistance plan should be created for the managers of affected individuals. The OCM team should provide assistance to those managers by providing:

- Transition and outplacement training
- Information packs about the changes of individuals and how best to answer expected questions
- Help desk services

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