

The Quarterly Review

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2010

Welcome
to our
latest quarterly.

The challenges of today's business are increasingly demanding. At Chaucer we are always looking for new ways to make things easier for our clients.

The Chaucer Quarterly Review is a selection of business topics that we believe can provide you, or your colleagues, with an insight into practical approaches and solutions that may be of interest.

Companies need to change for many reasons particularly so during these challenging times. An area of change that businesses struggle with is 'Communications & Engagement'. Our experience is that companies do well in communicating change but rarely allow enough space or time for the engagement part of the change process and, consequently, the change partly or completely fails with the result that few or no benefits are achieved.

At Chaucer we have a unique approach to successful Change Management, it is simply known as **'The Chaucer Way - Change Management'** and it is tried, tested and proven. To find out more contact me.



Bob Laslett

Bob Laslett, Global CEO
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The 'One Room' Company!

(Knowledge Management)

Much is said, and much is misunderstood, when discussing the benefits of pursuing a strategy for managing an organisation's knowledge. Why do I say that, when after all, we all know that it requires us to capture the 'tacit' knowledge that exists in our people's heads and enter it into a knowledge system so that resultant transformed 'explicit' knowledge, is available for all to share and exploit for the benefit of the organisation?

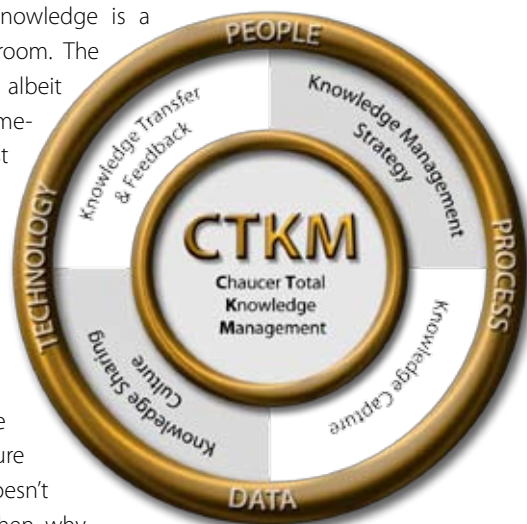
Most organisations are also aware that knowledge capture is different to capturing data. It's not about technology either, and it requires a shift in the behaviour of individuals if it is to succeed. Why then are so many organisations disillusioned with their attempts to harness the knowledge within their organisation, or 'intellectual capital' as they understand it is to be called? More often than not their attempts at delivering a KM strategy flounder before any business benefits can be realised and observed.

I have often said that if all of your people worked in one room then you would not require a strategy to tap into everyone's collective experience and learning. You would merely have to ask out aloud, what it was you needed to know, and someone would provide you with the answer or would be able to tell you where you could find it. Let's put everyone in one room then.

There are many truisms in my opening remarks. Behaviour is key, and although technology doesn't provide the entire answer, today's technology provides opportunities for the well thought-out KM strategy.

For a large organisation with thousands of people located across the globe, sharing anything, let alone their knowledge is a challenge, so why not put them in one room. The technology permits you to build one room, albeit virtually, that everyone can occupy, across time-zones, where everyone can be heard and most questions can be answered instantaneously. I've been in one.

So you have your room. What knowledge do you want to share? Now it becomes a bit trickier. Your knowledge management strategy needs to be aligned to your business strategy. Again, you probably know that. More importantly the knowledge that you capture needs to be exploited commercially. If it doesn't lead to an increase in shareholder value then why bother.



The 'One Room' Company! (Knowledge Management)

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“You eventually own a document management system with a knowledge management badge on the front of it”

No matter how well intentioned, most organisations eventually find that they own a document management system with a Knowledge Management badge on the front of it. The potential for keeping knowledge in people's heads and accessing just the bits that you want when you want them remains an alien concept. Knowledge, things written in documents, becomes stale. The reason for visiting the company's knowledge system is no longer compelling, if it ever was.

Knowledge Management is not Document Management

So what can you do to ensure that you don't unwittingly develop a document management system?

First of all don't fixate on encouraging your people to transfer all of their experiences to documents. Leave it in their heads if you can, there it remains as knowledge. Access it when and if it is required. How do you find it? Create some sign-posts. Signposting is a technique for identifying the people who can most probably answer your question.

Create communities of interest. Put people together who have a shared interest in a business need or business opportunity. Put

them in the 'room', or their own 'room'. They can then ask out loud "who knows who and who knows what". They don't even have to put it into a document.

Develop a knowledge sharing culture. Individuals, to paraphrase Adam Smith, are for the most part motivated by serving their own self interest. Address the question of "what's in it for me" by ensuring that they not only benefit from accessing and exploiting the knowledge of others but are rewarded for providing knowledge to others. In a successful knowledge sharing environment this is achieved by exerting peer pressure to share knowledge, and aligning your performance process to reward collaboration and sharing of knowledge. You just need to make transparent who the providers are and who are the takers.

Remember that a knowledge sharing organisation is also a learning organisation. You just need to know what you need to learn.

“I have never been convinced that you can actually manage knowledge, I prefer to think of it as orchestrating the organic”

Critically, it is the behaviour of your leadership team that will determine the success of your KM strategy. They need to 'walk the talk' embrace and enter the 'one room' and as the 'knowledge elders' of the 'knowledge settlement' and hand down their knowledge

by telling stories. Yes, story telling is a key component of your knowledge management strategy.

I have never been convinced that you can actually manage knowledge. I prefer to think of it more as 'orchestrating the organic' in terms of growing the collective knowledge capability.

How Chaucer can help?

Chaucer can help you ensure that you select the right approach for identifying the appropriate knowledge journey for your organisation.

We might not know what knowledge, if exploited, will grow your business, but we have a 'way' of leading you through your journey of discovery, see *'The Chaucer Way – Knowledge Management'*

Rob Taylor is lead consultant for knowledge management at Chaucer Consulting. He studied at the Aston University Business School and the IESE Business School, University of Navarra, Barcelona. He was previously Director of Knowledge Management at 3i Group and has presented on Knowledge Management at various forums.



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System Implementation

A system implementation is, on the face of it, very straight forward: either for strategic or tactical reasons a system, or systems, is deemed to be insufficiently meeting the needs of the organisation.

This could be for any number of reasons; insufficient functionality, audit/inspection findings, content duplication through multiple systems or as a result of a change in organisational circumstance e.g. merger/acquisition. The premise is therefore wholly straight forward you take the system that does not meet the organisations needs and replace it with one that does.

The new system is bound to be faster, easier to retrieve content, have increased functionality and of course meets the go forward business needs. Behind such a simple premise is a myriad of issues ranging from identifying what precisely the go forward organisation actually needs, navigating complex internal politics & organisational boundaries and then overcoming the actual logistics of 'swapping' systems with minimal disruption to all important 'Business as Usual'. In the post recession era the continuity of business as usual will take on even greater significance as less staff are available to complete day to day tasks. This is especially so for 'secondary' business objectives such as system updates/implementations.

An effective system implementation commences, as any good project should, with a solid business case and a clearly defined scope. The criticality of dedicating sufficient time, to ensure that they are performed correctly, cannot be stressed enough. A system implementation is an opportunity to realise benefits through synergies and efficiencies but defining and ensuring executive leadership buy-in to the project's scope is paramount. Why? It will inevitably prove costly in time, resource and dollars if you initiate a system implementation and find that a critical business line/unit's needs have been overlooked or worse yet; considered and then discarded inappropriately. Our experience tells us that getting the scope/requirements wrong upfront will deliver a system that is at best as good as the current solution or at worst...worse!

However, defining the scope and then subsequently the business/functional requirements is only the first hurdle. Ensuring that the project is delivered on time, to budget and quality must be addressed and managed effectively. Furthermore, other associated activity that actually makes or breaks an implementation is often underestimated, namely; securing senior and middle management advocacy for the project and its objectives, as well as reviewing & updating business processes and ensuring a fit for purpose support network exists that

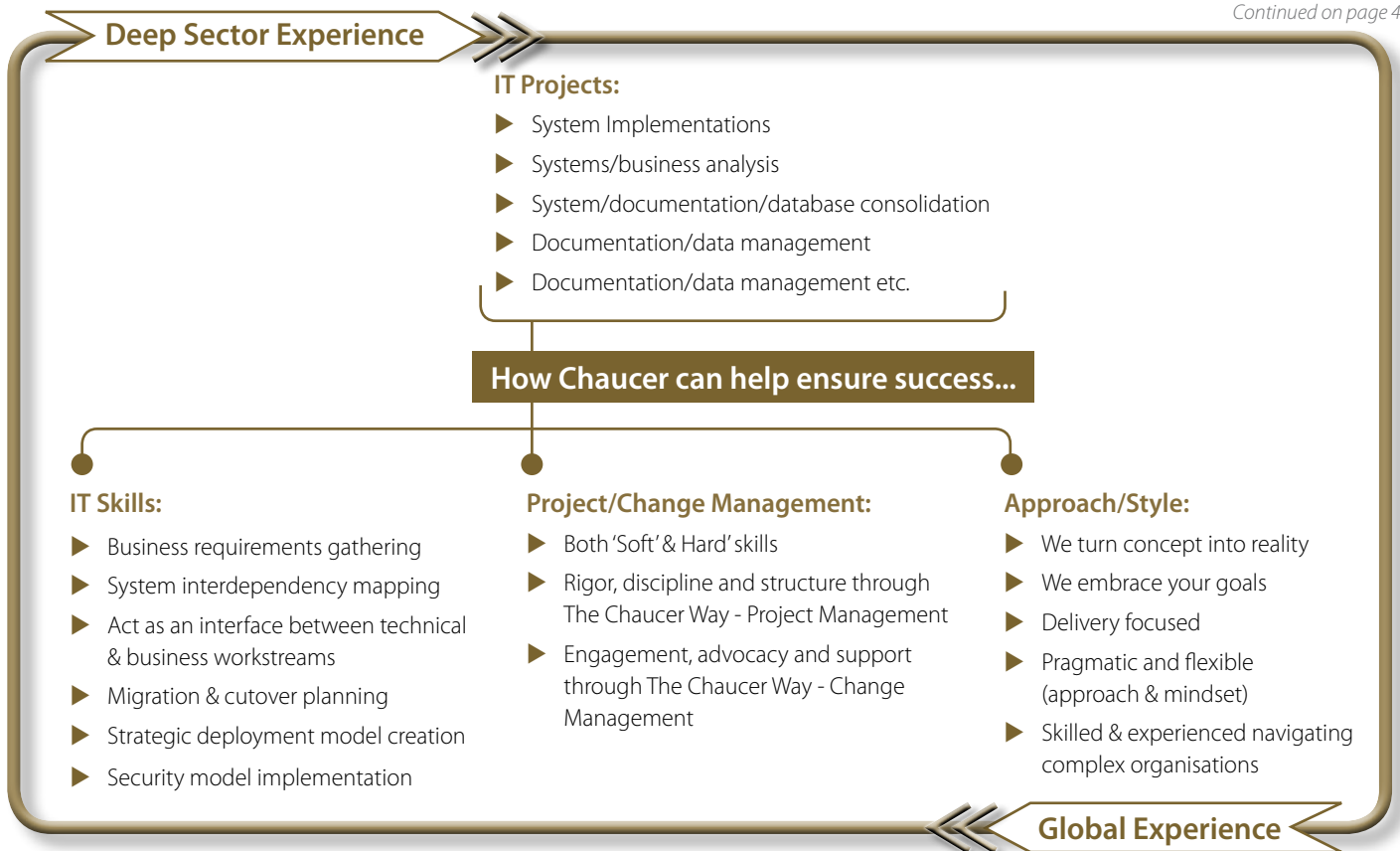
covers both technical (IT) issues and also business issues. An organisation can have the best 'new' system but if the business does not use it or do not know how to use it the projects ROI can never be realised.

Chaucer has a rich heritage and a deep rooted skill set and expertise in supporting clients of all industries with their system implementation projects. We have supported...

- ▶ Pharmaceutical organisations radically overhaul their document/data management systems
- ▶ Oil and Gas majors with HR system assessments, implementations & consolidations
- ▶ Financial services organisations transform their systems for product to customer centric (as well as consolidating a fair number of systems too!)
- ▶ Online financial and gaming organisations upgrade and implement new customer trading interfaces
- ▶ Retail organisations implement new CRM system's
- ▶ As well as supporting many other industries and clients implement new customer, document/data management systems

All of the examples sighted above are real projects that Chaucer has undertaken in the

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past three years. Our involvement has been varied from supporting the totality of the project e.g. Strategic Planning, Project Management, Deployment etc. to supporting specific work streams e.g. Change Management.

What makes Chaucer the ideal partner for your system implementation needs. Put simply the challenges and requirements of a system implementation draw on many of our core capabilities. Project/Program Management, Change Management, Business Analysis and Business Process Re-engineering are at the very heart of our offer and what we do best. Coupled with our real "hands on" experience and successful delivery record we are an ideal partner and often act as a bridge between the technical and business elements of any systems implementation.

System implementations... facile or fiendish, you decide!

Phillip Wallis



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Knowing what talent is needed is an essential pre-requisite for any organisation.

Attracting talent is not just about offering the biggest paycheck, it is about having a fully defined value proposition of which money is one element. As important as money is the clear demonstration of a fully articulated and integrated career progression plan as part of a well defined career development programme or programmes, this is essential. A comprehensive talent management approach will provide any organisation with the necessary support for a strong value proposition.

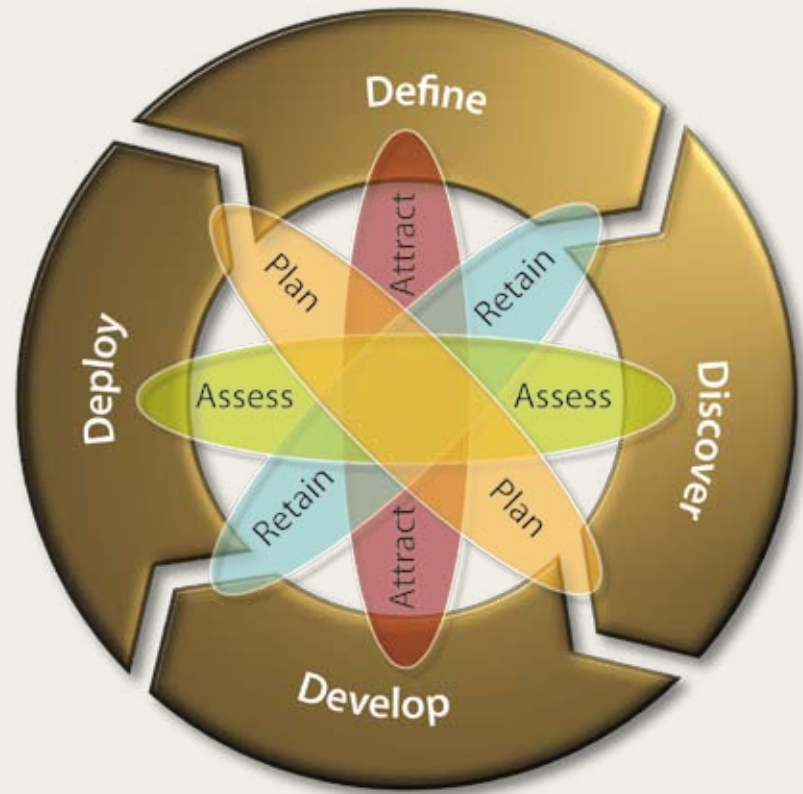
The recent economic crisis has once again

Talent management is a set of business practices that manage the *identification, acquisition, development and retention* of talent in order to optimise performance within an organisation so that it achieves its strategic business objectives.

At Chaucer we believe that some organisations fail to effectively manage talent because they are addressing it as a simple recruiting exercise. Organisations might be very good at attracting some talent but not necessarily at attracting the right talent nor at keeping and developing it.

The first challenge is to translate an organisation's strategy into a clearly defined set of roles and for those roles to be built on a specific technical and leadership capability framework. This will be the first step at describing what talent is required, and will also provide the basis to assess existing and future talent, thus enabling the identification of potential gaps and articulating optimal career development programmes.

The Talent Challenge



proven that organisations do not operate in a fixed market environment. Adaptability is the key; organisations that will come out of this current crisis with stronger potential will be the ones that have displayed the highest adaptability. Efficient talent management should not be any different.

As organisations need to change their strategy, the talent required to deliver it should also be able to change.

In summary an integrated talent management approach requires:

- ▶ An understanding of your needs.

- ▶ A fully defined capability framework.
- ▶ The continuous assessment of talent.
- ▶ The development of robust programmes to close any potential gaps.

Providing an integrated talent management approach means that any changes in the business environment can easily be incorporated into this integrated approach to enable your talent to remain talented to successfully support the achievement of the strategy.

Optimal deployment of talent is probably the most challenging element of talent management. It is an equation between **business**

What is Records Management (RM)?



If you were to ask 10 people in 10 different companies what they thought Records Management (RM) meant, you would probably get 10 different answers. This doesn't mean that any of them are wrong; it just highlights what a diverse topic Records Management actually is.

At Chaucer Consulting, we believe Records Management is best thought of as an umbrella, under which Document Management (both Electronic and Paper), Data Base Management, Content Management and Knowledge Management can all be included.

All of these sub categories include the management of any piece of information a company uses to generate business, support business, manage transactions, monitor experiments, make decisions, prepare contracts, maintain personnel records, and keep a record of just about everything a company or organisation does.

Perhaps this is best illustrated by the explosion in the Knowledge Management (KM) market. Many companies are now employing a full time KM resource who is being tasked with implementing a corporate wide KM strategy. If the company is not hiring full time KM resource they are hiring KM consultants to help with the strategy and subsequent implementation. The value to a company of knowledge is immense. Therefore it stands to reason that managing that knowledge must be a priority and use of the knowledge an even greater priority.

The importance Records Management has in today's business world is clearly demonstrated by the announcement in January 2009 by the President of the United States of America to set aside billions of dollars from the financial

rescue package to pay for the implementation of Electronic Records Management for the healthcare industry. Further evidence of the importance of Records Management can be seen in the millions of dollars IBM and its competitors are spending on TV commercials and magazine advertising highlighting their involvement with managing healthcare records electronically.

However, Healthcare Records are not the only area where an efficient and effective Records Management strategy is viewed as critical to business success. Banking, Financial Services, Insurance, Pharmaceuticals, Oil & Gas, Chemicals and Manufacturing are all business areas that have begun to invest millions into Records Management. In fact just about every business and commercial sector is now investing substantially into Records Management.

At Chaucer both recently and in the past we have had the privilege of working with one of the world's largest pharmaceutical companies and one of the world's largest financial services companies to help both of them implement a corporate wide Records Management strategy.

In the case of the pharmaceutical company, the project involved the retiring of multiple Document Management applications and the rollout of a new global document management solution. The financial services company needed to migrate from a proprietary records management solution into an open and flexible solution that could manage access for over 12,000 users on a daily basis. Both of these projects involved a significant investment on the part of the company but the rewards are already being seen in dramatic reductions in customer support times and record retrieval

efficiency especially in a significant reduction in errors.

How Chaucer can help?

Chaucer has many years of experience in Records Management spanning multiple industries, we have helped companies write strategy, implement a strategy, project manage a rollout and review existing applications and make suggestions for changes.

World class Records Management delivery through-out an organisation can deliver enormous benefits including cost savings. Chaucer's blend of process improvement and delivery has been combined with deep knowledge of Records Management to position Chaucer as a leader in the delivery of Records Management.



Paul Burke

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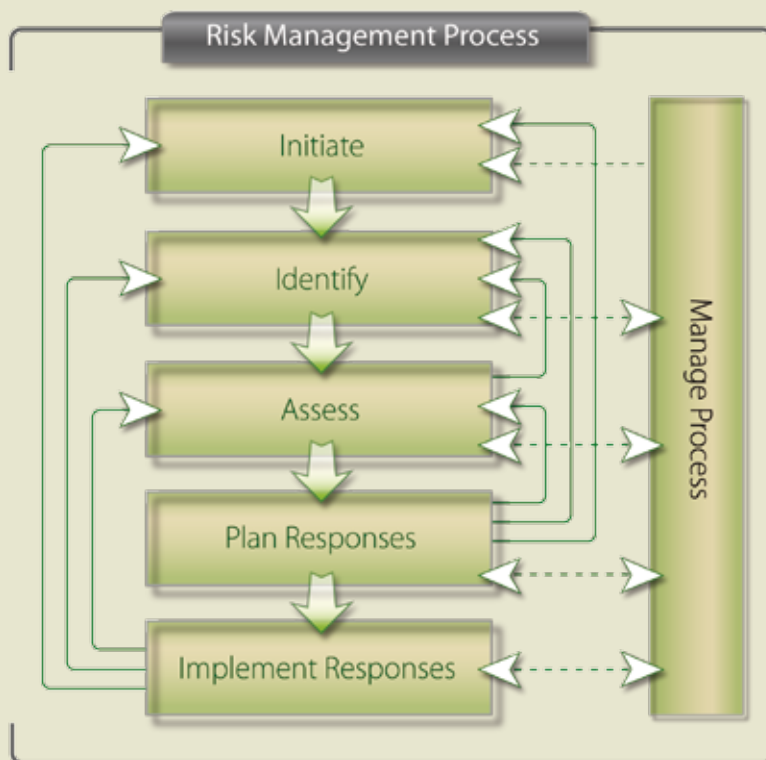
The practise of Risk Management has matured to a well defined process that can be applied throughout an organisation.

As the current economic realities force businesses to closely evaluate where they should optimise their investments in order to increase throughput and decrease operating expenses, the implementation of risk management provides a supporting method for doing this.

Certainly in the current challenging market environment and period of financial instability and changes, risk management becomes a required tool that companies should consider at every level.

Management of Risk

The Risk Management Process provides managers the tools to minimise exposure to risk. The purposes of the **Initiate** phase is to set the scope, objectives and context for the risk management process and ensure a common understanding of the stage to which the risk management process is to be applied (Strategy, Portfolio or Project).



A correct and detailed **Identification** of risks facilitates **Assessing** the probability of a particular outcome actually happening, and will lead to the development of a risk **Plan** and hence it's **Implementation** to mitigate the risks occurring.

Monitoring that the execution of planned actions is having the desired effects is also important, since signs that risks are developing can be detected early.

Risks should be analysed at the level at which they impact companies i.e. strategy, portfolio / program or project.

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alignment, succession planning, workforce planning and employees' motivation and getting it right will deliver improved business performance. In Chaucer's experience, careful engagement with key stakeholders as well as rigorous and well defined deployment plans will deliver success.

An integrated and efficient talent management approach will provide:

- ▶ A stable foundation for a holistic view of talent that drives business results.
- ▶ A sound basis that allows for continuous talent improvement.
- ▶ A positive environment to meet the challenge of a changing market place.

Talent management is a set of business practices that manage the **identification, acquisition, development, retention** of talent in order to achieve business strategy and optimise performance.

At Chaucer we have over the years worked with human resources departments and business partners in successfully developing and implementing integrated talent management programmes for many organisations.



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Strategy Risk Management

As the strategy is designed to establish the long term goals for the company, the risk management approach at this level will be focused on the overall market and how best to manage the threats and opportunities to sustain competitive advantage.

Current economic conditions dictate that organisations need to maximise their strategy so that they have a sustainable future. Reductions in access to capital make it even more critical that companies have a clear understanding of the risks and opportunities they face.

Lending institutions are becoming more stringent in the criteria they use to any application for funding. By demonstrating a strong risk management culture a company will be well placed to be successful in the restricted market place.

When applying risk management at the strategy level within an enterprise it is important to ensure that a holistic approach is taken and that this also includes the vital aspect of business as usual and any impact that a new initiative or major change will have from an organisational and operational as well as a financial perspective.

Portfolio Risk Management

Corporate strategy needs to be translated into business benefits that can be measured objectively; in most cases this would be achieved by a number of defined projects. These projects can be part of a portfolio of projects or constitute a program of projects. At portfolio level the emphasis will be on managing both risk and opportunity that impact the individual projects or the portfolio (or program) as a whole.

To ensure that projects are co-ordinated and managed as a whole, they should be grouped under a Portfolio or Program Management Office (PMO). The PMO will make the best use of resources such as manpower and finance. They must be also responsible for ensuring that conflicts and constraints between projects are identified and addressed.

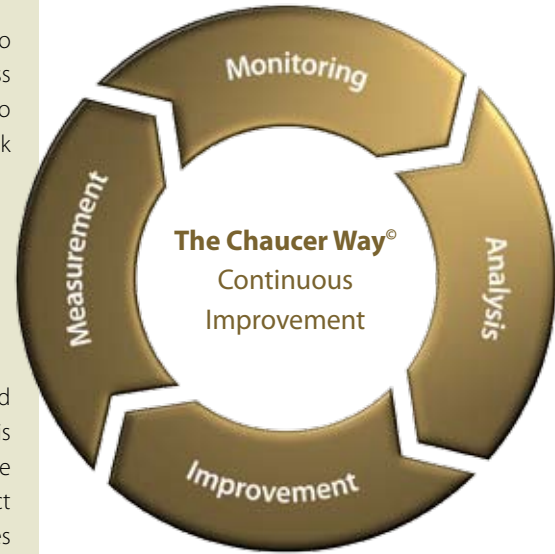
As part of this approach, it is important to ensure that the mix of projects (and business as usual) initiatives included in the portfolio combine in such a way that the overall risk exposure is within acceptable organisation criteria.

Project Risk Management

Whatever the scale of a project is, there will inevitably be uncertainties associated with it and it is important that these are managed appropriately. The task of risk management is to manage projects' exposure to these uncertainties. Risk management at a project level focuses on keeping unwanted outcomes to an acceptable minimum.

Project risk management is usually undertaken on a workshop basis with all the key project members participating. The risk workshop will identify the risks, their likelihood of occurring and the severity of their impact on the project. Mitigating actions for all the identified risks need to be included in any project plan or schedule at the earliest opportunity.

Chaucer facilitate risk workshops regularly for many different clients around the world and help to incorporate the outcome of these workshops into project plans thus mitigating the risk to the project.



Why Continuous Improvement?

In order to be and remain successful in today's market place, organisations are finding that they must continually improve key processes such as quality assurance, cost management, and delivery structure. Increasing competition has made it a priority for every organisation to increase and seek advantage over rivals.

With the current recession revealing the impact it left across virtually all sectors, the quest for more efficiency and effectiveness in all that a business does remains the key factor that drives its competitive advantage.

A Strong Approach to Continuous Improvement (CI)

Many managers see a culture of continuous evaluation and improvement as an essential tool to achieve and maintain this advantage.

The sustainability of the improvements proposed by and implemented by people in the work place is probably the strongest argument in favour of CI. Many companies regard implementing CI as a one-off exercise; **it must become part of the corporate culture.**

Chaucer's simple and flexible approach to Continuous Improvement ensures success.



Maria Elena Carrillo

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The Chaucer Way[®] - Continuous Improvement

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The Japanese call it Kaizen.

It is a system of regular review of processes by internal staff – usually representatives of the staff who operate the processes – and the use of a range of effective techniques to make those processes better.

Monitoring

Regular monitoring of processes via effective measures:

KPIs, Control Charts, Customer Satisfaction Scores, Productivity, Quality etc. provide the hard data to indicate which processes need attention.

This is supplemented by complaints data identifying those processes which are failing the customer.

Analysis

An established and trained group of operators meet on a regular basis to review the data and determine which processes need attention.

Improvement

Improvement goals are agreed and work is launched to identify root causes and improve the process.

Measurement

What gets measured gets done and this is a vital step – the need to produce regular objective evidence of performance.

The Chaucer Way[®] - Continuous Improvement is Chaucer Consulting's methodology for the successful implementation and management of **Continuous Improvement** initiatives – including tools and techniques.

The Chaucer Way[®] - Continuous Improvement is the result of more than 20 years of experience in working and helping blue chip clients around the world to improve their operations within the oil & gas, petrochemicals, chemicals, power generation, water utilities, financial services and pharmaceuticals sectors.

'The Chaucer Way[®]' is Chaucer Consulting's suite of propriety methodologies. To learn more about these or for more information about The Chaucer Way[®]

- Continuous Improvement methodology please contact Deborah Feakins

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Renewable Program Management?

We are all familiar with the image of the polar bear drifting forlornly on the melting piece of ice, which has become one of the iconic images to portray global climate change. One of the suggested causes is the continued use of fossil-based fuels as a main source of energy.

In the UK the move towards a low carbon and renewable fuel-based economy is in progress. It will be driven not only by a better understanding of global warming but also the need to address the concerns of our national energy security of supply given our current dependency on imported fossil-based fuels, both in terms of price stability and continuity of supply.

It is not an understatement to say that moving more to renewable energy generation is a complex landscape. There are multiple stakeholders who have differing views, there is

an extended and fragmented supply chain that includes both advanced and changing technology. There is also the environmental licensing and land purchase situation coupled with the fact that the sector is also highly regulated and therefore subject to detailed planning requirements.

Chaucer, as a leading program and change management consultancy, has many years experience of renewable projects and programs and can therefore provide world class program and project assurance necessary to deliver these complex projects. We do this by leading the co-ordination of multi-disciplined work streams, closely managing the interactions between numerous stakeholders, contractual needs and balancing the underlying risks and issues to successfully deliver a program to the end-client's requirements in a cost effective manner.



Chaucer has been able to successfully employ its proven methodology to assist clients control complex and technically challenging programs in this fast developing sector.

Within the low carbon economy Chaucer has worked with several organisations on a variety of projects including wave, wind, tidal, etc.

Renewable Program Management?

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One key consideration in all new and innovative projects such as renewable energy is in reducing costs to help improve return on investment. Chaucer have also provided extensive program and project assurance for companies and organisations internationally, these have included for example a US\$750m strategic technology investment in low carbon initiatives. Chaucer's contribution included:

- ▶ Working with three specialist technologist communities (Refining, Biofuels and Low Impact Transportation) to prepare an investment support package for board approval.
- ▶ Review of investment proposals, identification and analysis of business benefits, constructing capability development programs (people and technology infrastructure), risk identification and mitigation, and review of IP strategy.
- ▶ Design and implementation of post-approval funding governance structures and ongoing portfolio performance management.

The above examples demonstrate that Chaucer Consulting is at the forefront of the Renewable Energy sector and thus able meet the challenges of projects and programs being embarked upon in order to move to a low carbon economy.

Alistair Reeves



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