Achieving Business & IT Alignment

Through Business Capabilities & Governance

September 21, 2010
Thrive Financial for Lutherans

- Not-for-profit, Fortune 500 financial services membership organization
- Largest fraternal benefit society in U.S.
- Help approximately 2.6 million members achieve financial security and give back to their communities
- Offer a broad range of financial products and services
- More than $67 billion in assets under management
- Ranked 342 on Fortune 500 list based on 2009 revenue of $6.514 billion
Agenda

- Creating Alignment with Business Capabilities
- Case Study
- Optimizing Investments: Governance
• Creating Alignment with Business Capabilities

• Case Study

• Optimizing Investments: Governance
Creating Alignment with Business Capabilities
Evolution not Revolution

- Developed Thrivent Capability Map
- Used capabilities to communicate common needs and project overlaps to achieve reuse savings.
- Defined roadmaps relevant to Thrivent
- Create a business architecture practice
Creating Alignment with Business Capabilities

Business Capability Planning

Strategies

Business capabilities provide common language and a framework for identifying Integration across a portfolio of initiatives. Business capabilities provide a framework to assess capabilities performance and the desired future state.
Creating Alignment with Business Capabilities

Business Capability Map

Thrivent’s Level One Capabilities

Executive ownership is assigned to each functional area.
Creating Alignment with Business Capabilities

Business Capability Map

- Marketing
- Sales
- Customer Service and Relationship Management
- Channel and Distribution Management
- Membership
- Business Management, Finance & Accounting
- Risk Product Management and Service
- Supply Chain
- IT & Support Services
- Regulatory & Risk Management
- HR & Corporate Services
- Practice Management

Practice Management

- Sales Operation Management
- Sales Effectiveness
- Sales Support
- Sales Reporting and Analysis
### Creating Alignment with Business Capabilities
#### Business/IT Alignment Model

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<tr>
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</thead>
<tbody>
<tr>
<td><strong>BSP/ Business Architecture</strong></td>
<td>Partner with business to align IT strategy with business strategic need.</td>
<td>Provide transparency across the organization, using corporate strategies and business architecture models as the common language to support Thrivent’s long-term strategic vision.</td>
<td>Provide transparency across the organization using IT architecture models and supporting descriptions as the common language to describe how IT will support Thrivent’s business strategic vision.</td>
<td>Collectively recommend a complete architecture solution to our business partners to support long-term strategic vision.</td>
<td>Provides a consistent process for CAPS to make informed business decisions related to new programs/projects in the pipeline.</td>
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<tr>
<td><strong>IT Architecture</strong></td>
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<td><strong>EPMO</strong></td>
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**Plan Technology Strategy, Solutions, Investments, Products**

**Architect Technology Environment**

**Plan Technology Strategy, Solutions, Investments, Products**
Creating Alignment with Business Capabilities
Measuring Results: Reuse

Relative Impact

Capability Reuse  Services Reuse  Design Reuse  Development Reuse

Capability Analysis  Architecture Review  Code Reviews
Creating Alignment with Business Capabilities
Measuring Results: Reuse

Capability reuse is achieved by looking across strategies and programs to optimize investments.
Agenda

• Creating Alignment with Business Capabilities

• Case Study

• Optimizing Investments: Governance
### Case Study
**Chapter Alignment 2010/2011**

**Objective:** Align Thrivent’s lodge system to deliver a consistently valuable member experience and strengthen our common bond by deepening relationships with existing members and attracting new members.

<table>
<thead>
<tr>
<th>2010 Implementation</th>
<th>2010 Exploration for 2011 &amp; Future Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy:</strong> Align chapter funding with growth and membership value</td>
<td><strong>Lodge Framework</strong></td>
</tr>
<tr>
<td><strong>Tactic:</strong> Model for CAIC (chapter funding)</td>
<td>- Learn from the best chapters and external organizations</td>
</tr>
<tr>
<td></td>
<td>- Research, design and test flexible platform for multiple options</td>
</tr>
<tr>
<td></td>
<td>- Support Thrivent Communities pilots</td>
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<tr>
<td></td>
<td>- Test congregational, on-campus, and other affinity chapters</td>
</tr>
<tr>
<td></td>
<td>- Determine chapter purpose and value proposition to members</td>
</tr>
<tr>
<td><strong>Strategy:</strong> Align goals, rewards, and recognition with growth and membership experience</td>
<td><strong>Member and Volunteer experience</strong></td>
</tr>
<tr>
<td><strong>Tactic:</strong> Consistent, nation-wide Chapters of Excellence program established: NPS, membership growth, soc/ed events, societal impact</td>
<td>- Learn what is desired from the chapter system by asking to our chapter leaders, members, COIs, FRs, and prospective members</td>
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<tr>
<td></td>
<td>- Explore autonomy and engagement vs. top-down control (ex: hub and spoke)</td>
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<td></td>
<td>- Research and test intentional member/volunteer escalation process (ex: volunteer engagement ladder)</td>
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<td></td>
<td>- Determine chapter value proposition for volunteers</td>
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<tr>
<td></td>
<td>- Design and test lodge new leader roles and governance structure (ex: state/district lodge with local “clubs”)</td>
</tr>
<tr>
<td><strong>Strategy:</strong> Simplify and streamline administrative processes</td>
<td><strong>Funding, Incentives &amp; Support</strong></td>
</tr>
<tr>
<td><strong>Tactic:</strong> Continuous Improvement initiative launched in 12/09, focused on two chapter leader roles</td>
<td>- Design funding model aligned with ….</td>
</tr>
<tr>
<td></td>
<td>- Align lodge goals, rewards and recognition with …..</td>
</tr>
<tr>
<td></td>
<td>- Design and test lodge support structure</td>
</tr>
<tr>
<td></td>
<td>- Examine online/offline engagement and support offerings (social media, toolkits, simple reporting)</td>
</tr>
</tbody>
</table>
### Business Architecture Engagement Scope

<table>
<thead>
<tr>
<th>Objective</th>
<th>BARC Deliverable</th>
<th>Est. Hrs</th>
<th>Due Date</th>
<th>Status</th>
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<tbody>
<tr>
<td>1</td>
<td>Present capabilities of Chapter Alignment to the organization</td>
<td>Capability Map - impacted capabilities</td>
<td>30</td>
<td>complete</td>
</tr>
<tr>
<td>2</td>
<td>Identify functional needs for capability development</td>
<td>Functional Needs Statements / Capability Matrix</td>
<td>50</td>
<td>complete</td>
</tr>
<tr>
<td>3</td>
<td>Prioritize and timeline capability development</td>
<td>Capability Roadmap</td>
<td>20</td>
<td>complete</td>
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<tr>
<td>4</td>
<td>Size capability development</td>
<td>Capability Roadmap</td>
<td>10</td>
<td>complete</td>
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</table>
Capability Impacts
Case Study
Use of Vignettes to Reflect Future State Processes

Member Alignment to Multiple Lodges

Start → CIF Records → Johnston Household → St. Mark’s Lutheran → → CIF Records → Susan Johnston → Charleston Lutheran → End

Member Events and Funding

Start → Member enrollment → Member events

1. Thrivent deposits 1% of the Chapter’s annual running into their business checking account.

2. A Chapter Service Team decides to hold a fundraiser. The chapter event coordinator (CEC) accesses and completes an event and branded invitation template which contains all the event logistical information. The CEC also accesses the chapter membership list, making any adjustments to create the member invitation list.

3. The Chapter Treasurer receives the purchase into the Chapter reporting.

4. The templates and lists are made accessible to the appropriate business areas, systems, and databases.

5. Quarterly, the Chapter Treasurer submits the detailed financial register (IRS 109) information to Thrivent.

6. Upon receipt and review, Thrivent deposits the second 1% of the Chapter’s annual funding.

7. The event is created.

8. The limitations are now compliance if applicable mailed or emailed.

9. The Chapter is billed.

10. Event and invitees into an event level and member.

11. The Chapter’s virtual potential contributes.
Case Study
Future Capabilities and Needs

Point of Arrival Functional Needs

**MEMBERSHIP**
Lodge Organization and Management
- Reporting and Auditing: Enable lodges to have...
- Election Management: Enable virtual elections for board members.
- Board Operations Management: Provide insight into lodge activities, membership, and changes.
- Membership Assignment: Manage primary lodge and secondary or subordinate affiliated community assignments.
- Fund Management: Support fund management for lodges and communication processes between lodges and communities.

**BUSINESS MANAGEMENT, FINANCE AND ACCOUNTING**
Billing Statement Generation: Generate invoices for lodges and communities.
Receivable Management: Manage accounts receivable between lodges and communities.

**SUPPLY CHAIN**
Material & Service Purchase: Manage the distribution and costs between lodges and communities.

**CUSTOMER SERVICE AND RELATIONSHIP MANAGEMENT**
Client Relationship Management: Manage lodge and community communications to members.
Client Contact Preference Management: Gather, document, and understand the client's preferred methods of interacting with the organization.
Member Information Access: Enable members to... about themselves.
Customer Interaction Management: Identify and document client interactions.

**MARKETING**
Campaign Management
- Campaign Definition: Provide flexible, easy-to-use templates for lodge and community use.
- Event Creation: Provide flexible, easy-to-use templates for lodge and community use.
- Content Creation: Create...
- Campaign Approval: Routing system for campaigns from...
- Segmentation: Enable lodges and communities...
- Dynamic Filtering: Enable lodges and communities to...

**CAMPAIGN EXECUTION**
- Multi-Touch Point Execution: Enable campaigns for events.
- Direct Mail Execution: Provide a variety of direct mail options to lodges and communities.
- Online & Email Campaign Execution: Enable lodge and community use of...
- Response Management: Enable lodges and communities to manage responses to event invitations.
- Fulfillment Management: Enable lodges and communities to provide follow up.
- Attendee and Volunteer Management: Differentiate between attendees and volunteers.
- CampaignPayment Management: Facilitate lodge and community usage.

**CAMPAIGN ANALYSIS AND REPORTING**
- Campaign Monitoring: Enable a lodge or community leader to...
- Campaign Analysis: Perform analysis...
- Campaign Results Reporting: Provides lodge and community event analysis...

**SURVEY MANAGEMENT**
Enable...

**LEAD MANAGEMENT**
Lead Acquisition: Enable...
Lead Distribution: Distribute...
Lead Reporting: Report on...
Case Study
Enterprise Capability Identification

Enterprise Capability Development
Chapter Alignment Cross Referenced

Marketing

<table>
<thead>
<tr>
<th>Capability</th>
<th>1</th>
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<tbody>
<tr>
<td>Survey Management</td>
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<td>Campaign Management</td>
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<td>Campaign Planning and Creation</td>
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<tr>
<td>Campaign Definition</td>
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<tr>
<td>Direct Mail Execution</td>
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<tr>
<td>Multi-touch Point Execution</td>
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<tr>
<td>Online &amp; Email Campaign Execution</td>
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<tr>
<td>Response Management</td>
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<tr>
<td>Fulfillment Management</td>
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<tr>
<td>Attendee and Volunteer Management</td>
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<tr>
<td>Campaign Analysis and Reporting</td>
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<tr>
<td>Campaign Monitoring</td>
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<tr>
<td>Campaign Analysis</td>
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<td>Campaign Results Reporting</td>
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<td>Campaign Effectiveness</td>
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<td>Lead Management</td>
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<td>Lead Acquisition</td>
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<td>Lead Disposition</td>
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<td>Lead Reporting</td>
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- Wants to mature this capability
- Intends an enterprise solution
- Will consume this capability without change

Customer Service & Relationship Management

<table>
<thead>
<tr>
<th>Capability</th>
<th>1</th>
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<tbody>
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<td>Customer Relationship Management</td>
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<td>Client Relationship Management</td>
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<tr>
<td>Client Contact Preference Management</td>
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<tr>
<td>Member Information Access</td>
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<tr>
<td>Customer Interaction Management</td>
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<tr>
<td>Customer Interaction Identification</td>
<td></td>
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<tr>
<td>Customer Interaction Documentation</td>
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</tbody>
</table>

- Wants to mature this capability
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Membership

<table>
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<th>Capability</th>
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<tbody>
<tr>
<td>Lodge Organization and Management</td>
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<tr>
<td>Reporting and Auditing</td>
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<td>Election Management</td>
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<tr>
<td>Board Operations</td>
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<tr>
<td>Fund Management</td>
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<tr>
<td>Membership Assignment</td>
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</tbody>
</table>

- Wants to mature this capability
- Intends an enterprise solution
- Will consume this capability without change
### Case Study

**Prioritizing Capability Development**

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#### Capability Prioritization

| Strategy 1 | Analysis | Objectives | Investment 

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#### Billing Statement Generation

<table>
<thead>
<tr>
<th>Objective</th>
<th>Analysis</th>
<th>Strategy 1</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase Revenue</td>
<td>x</td>
<td>x</td>
<td>x</td>
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</table>

#### Customer Interaction:

<table>
<thead>
<tr>
<th>Objective</th>
<th>Analysis</th>
<th>Strategy 1</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve Customer Experience</td>
<td>x</td>
<td>x</td>
<td>x</td>
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</tbody>
</table>

#### Product and Pricing

<table>
<thead>
<tr>
<th>Objective</th>
<th>Analysis</th>
<th>Strategy 1</th>
<th>Notes</th>
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</thead>
<tbody>
<tr>
<td>Enhance Product Offering</td>
<td>x</td>
<td>x</td>
<td>x</td>
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</table>

#### Sales and Marketing

<table>
<thead>
<tr>
<th>Objective</th>
<th>Analysis</th>
<th>Strategy 1</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Expand Market Reach</td>
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<td>x</td>
<td>x</td>
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**Thrivent Financial for Lutherans**

**Let's thrive.**
### Capability Roadmap and Investment Plan

#### Chapter Alignment

**Implementation Timeline**
- Market Test – Affinity Communities
- Pilot – Congregational Communities
- Move In-line – Thrivent Communities

**Enabled Capability**

<table>
<thead>
<tr>
<th>Enabled Process</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>Lodge Organization and Management</td>
<td>Aligning members to multiple clubs and a lodge</td>
<td></td>
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<tr>
<td>Campaign Management, Customer Relationship Management, Customer Interaction Management</td>
<td>Managing events and attendee tracking and communication</td>
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</tr>
<tr>
<td>Lead Management</td>
<td>Processing leads</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance Payment Management, Billing Statement Generation, Material &amp; Service Purchase</td>
<td>Billing lodges for material and services</td>
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</tbody>
</table>

#### Enabled Capability

**Range Estimate by Capability**

<table>
<thead>
<tr>
<th>Range Estimate by Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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</thead>
<tbody>
<tr>
<td>Lodge Organization and Management</td>
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<td>Finance Payment Management, Billing Statement Generation, Material &amp; Service Purchase</td>
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</tbody>
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**Legend**

- $ = $X – $X
- $$ = $X – $X
- $$$ = $X – $X

- (1) Prioritized capability development
- (2) Expected capability development but not prioritized
- (★) Required capability development

---

**Implementation Timeline**

- (1) Communities create an event
- (2) Thrivent is able to track
- (3) Members and guests enroll for
- (4) Event attendance
- (5) Thrivent measures
- (6) Communities survey members to determine event interest
- (7) Lodges manage

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**Range Estimate by Year**

- $ = $X – $X
- $$ = $X – $X
- $$$ = $X – $X
- $$$$ = $X – $X
Case Study
Maturing Capabilities: How we get there

Capabilities

<table>
<thead>
<tr>
<th>Domain Area</th>
<th>Current State</th>
<th>Future State</th>
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</thead>
<tbody>
<tr>
<td>Capability One</td>
<td>1. In progress 2009-Q2 2010: Revised policies and xxx</td>
<td>6. Planned 2011-2012: Continue consolidating product data; augment/enhance xxx,</td>
</tr>
<tr>
<td></td>
<td>3. Planned Q1-Q2 2010: Define and implement reporting and data need for xxx</td>
<td>4. Planned Q3-Q4 2010: Define and implement reporting and data need for xxx</td>
</tr>
<tr>
<td></td>
<td>5. Planned 2010-2011: Create a 360 degree view of xxx</td>
<td>5. Planned 2010-2011: Create a 360 degree view of xxx information to improve</td>
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<td></td>
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<td>6. Planned 2011-2012: Continue consolidating product, processes and tools</td>
</tr>
</tbody>
</table>

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Case Study
Three Engagement Models (so far)

**Solution Framing**
Scope: Specific Initiative or Strategy/Tactic
Goal: Business Case Optimization
Approach: Capability Analysis, Vignettes, Capability Prioritization, Initiative Roadmap

**Divisional Planning**
Scope: Capability Domain or Organizational Unit
Goal: Frame up domain/organizational plans and priorities

**Portfolio Planning**
Scope: Corporate Strategic Councils and Portfolios
Goal: Multi-year Investment Roadmap
Approach: Strategy Mapping, Capability Analysis, Investment Roadmaps
Agenda

• Creating Alignment with Business Capabilities

• Case Study

• Optimizing Investments: Governance
**Planning and Resource**  
**Lateral Mechanisms**

**Definition:** Aligning and linking structures (e.g. councils, task forces, committees, project teams, etc.) that require cross-divisional collaboration and discipline.

**Purpose:** These aligning and linking structures, when properly designed and executed, facilitate corporate-wide focus, better and faster decision-making and resource allocation excellence.

| Insights |
| Planning |
| Resources |
| People |
| Results |

- **Insights**
  - External and Internal Customer and Industry Research

- **Planning**
  - Strategic Planning including the creation of an Annual Corporate and Division Plans

- **Resources**
  - Allocating financial and people resources to support strategic priorities (a.k.a. CAPS- Capability Alignment and Project Selection)

- **People**
  - Creating and maintaining an engaged workforce capable of delivering strategies and goals

- **Results**
  - Measure and report Progress towards strategies and goals. Includes the QBR: Quarterly Business Review process

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- **Thrive Financial for Juhans: Let’s thrive.**
Planning and Resource Lateral Mechanisms

- Insights
- Planning
- Resources
- People
- Results

Planning
- Planning Lateral
- Strategic Laterals
- Planning Discipline
- Strategy Formation

Resources
- Capability Alignment and Project Selection (CAPS)
- Portfolio Executive Councils (PECs)
- Resource Discipline
- Execution
Planning and Resource Lateral Mechanisms

- **CAPS Focus is:**
  - on cross-organization capabilities
  - to align resources to strategic needs and priorities
  - for capability enablement, not project execution
  - On the large investments ("big bets")

- **PECs focus is:**
  - on prioritization within portfolio
  - on business case management
  - on people resource alignment
  - on program and project execution management
Planning and Resource
Lateral Mechanisms

Resource Lateral – Capability Alignment and Project Selection (CAPS)

CEO
(Executive Sponsor)

CIO
(Chair)

CFO

Deliver Member Experience
EVP Member Services

Member Value
SVP Investments

Effectiveness
SVP Administration

Portfolio Executive Committees
Thank You!

Tom Mertes
Director, IT Strategy and Planning
Thrivent Financial for Lutherans
Tom.Mertes@thrive.com