Capability-Driven Assessments for Strategic Planning

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Alex Randell, Consulting Business Architect

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Capability-Driven Assessments for Strategic Planning

Today’s Topics

- Background
- Business Architecture Timeline
- Establishing common business capabilities
- Business capability assessment
- Strategic planning: 2015 and beyond
- Benefits
- Keys to success
Capability-Driven Assessments for Strategic Planning

Principal Financial Group Background

- Global investment management leader offering retirement services, insurance solutions and asset management
- Founded in 1879
- Member of the FORTUNE 500®
- $519.3 billion in assets under management as of December 31, 2014
- 19.7 million customers worldwide
- Offices in Asia, Australia, Europe, Latin America and the United States
- Ticker symbol: PFG
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Accounting Community

- Decentralized accounting function – align with the business
- All accounting and control functions
- 530 employees in accounting roles
  - ~430 US-based, ~100 globally
- Each segment has a Chief Accounting Officer
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Business Architecture Timeline

- Dec 2013 – High-level capabilities identified, limited, inconsistent usage
- May 2014 – Established common strategic context map and business capability map across all business units
- Oct 2014
  - Completed assessment of business capabilities
  - Aligned Accounting Community operational plans with business capabilities
  - Expanded use of business capabilities as a management framework
Business Architecture Approach

- Meetings with each business segment
- Each area created a business capability and strategic context map
- Ultimately developed common vocabulary and definitions
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Accounting Community Business Capability Map

Financial Reporting:
- Financial Reporting Program Management
- Financial Results Consolidation
- Financial Results Analysis
- Financial Reports Publishing and Filing

Financial Performance Analysis:
- Expense Management
- Forecasting
- Data Governance and Integrity
- Management and Dashboard Reporting
- M&A/Deal Analysis and Valuation
- Currency Review and Analysis

Investment Accounting:
- Investment Transaction Controls
- Portfolio Accounting and Controls
- Trade Accounting
- Pricing Analysis

Transaction Management:
- Revenue Accounting
- Disbursement Accounting
- Reconciliations
- Transaction Research
- Accounting Systems Maintenance and Controls

Accounting/Policy Mgmt:
- Accounting Policy Oversight
- Accounting Policy Implementation
- External Advocacy
- Accounting Policy Communication

Financial Controls Mgmt:
- Financial Controls Compliance
- Data Governance and Integrity
- Financial Controls Analysis
- Financial Controls Communication
## Capability-Driven Assessments for Strategic Planning

### Business Capability Assessment

<table>
<thead>
<tr>
<th>Business Capability</th>
<th>Information</th>
<th>Process</th>
<th>Technology</th>
<th>Information</th>
<th>Process</th>
<th>Technology</th>
<th>Total Current</th>
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**Note:** These are not actual results; however they do reflect our capability assessment methodology.
## Capability-Driven Assessments for Strategic Planning

### Business Capability Gaps

<table>
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<th>Business Capability</th>
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## Capability-Driven Assessments for Strategic Planning

### Where do you focus?

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### Analysis Questions:

- **Do we need an analytics effort?**
- **Should we do some process work?**
- **Need to focus on this across the community**
## Selected 2015 Strategy Topics

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Next Steps

- Initiatives are aligned with capabilities and evaluated for a prioritization score
- Ongoing review of initiatives to determine if they continue to progress towards closing the gap
- Expand usage of current business architecture mappings
- Identify additional perspectives business architecture can provide
- Re-assess capabilities to identify progress toward target state and provide input to 2016 strategic planning
Common framework and assessment reduces the conversations of whether something is a priority
  – Focus shifts to where the issue lies and how to make it better

Objective assessment helps identify areas that could be missed in strategic planning

Aligning strategic (and tactical) work to business capabilities

Employee education and career development

Awareness and education about – and within – the community

Risk assessments

Have started using this framework for time allocation
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Keys to Success

- Find a champion in the business area
- Mutual, agreed-upon support for the process
- Clear, understandable, communicated business architecture
- Identify the value of capabilities to allow a multi-dimensional assessment
  - Not all gaps are created equal
- Make the discussion about the capability, not the people and organizations
- Frame the informal discussions in a common, consistent language
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Thank You

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