

Training for Project Management

Volume 3:

Innovation, Value and Performance

IAN STOKES

A Gower Book

A COLLECTION OF READY-TO-USE TRAINING ACTIVITIES & EXERCISES

TRAINING FOR PROJECT MANAGEMENT



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Training for Project Management

Volume 3: Innovation, Value and Performance

IAN STOKES

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Preface

This new third volume of the *Training for Project Management* series, entitled *Innovation, Value and Performance*, provides a whole life-cycle focus to project management and puts a strong emphasis on the thinking and checking processes that produce innovation. The whole life-cycle of a project takes an idea from germination to fruition and includes the decision to invest resources, as well as the effective application of time and effort.

The activities contained in this volume can be used within the context of a project workshop or during a training course, and whenever strong thinking is necessary to bring a project to a successful outcome.

Problems tend to occur in four main areas of a project:

1. *Checking*: understanding needs and defining what is required;
2. *Thinking*: finding and selecting ideas to satisfy the needs;
3. *Planning*: converting the ideas into actions;
4. *Doing*: delivering and measuring the actions.

The quality of project management can be improved by starting with the 'check' and 'think' steps of the '*plan-do-check-act*' process. It is important that the checking and thinking be done effectively.

The main purpose of these activities is to help teams enhance the preparation that is a precondition for efficient execution. Thinking collectively during the early phases of a project ensures that information is discovered early while there is still time to act within reasonable cost. Preparation is easy to undervalue, but there is little point in doing a project well if it turns out to be the wrong project in the first place.

This volume includes activities about customer focus, change management, critical thinking, cross-functional teamwork, stakeholder analysis, business modelling, innovation, risk awareness, usability, customer understanding and process maturity, among other topics.

In 1697, over 300 years ago, Daniel Defoe wrote his *Essay on Projects* in which he coined the term the 'Projecting Age'. There has always been something contemporary about projects. Project management is a perennial skill that entails understanding, analyzing, planning and delivering new solutions to existing problems.

The project of the next 'Projecting Age' could:

- generate value at every stage of the definition, development and exploitation cycle;
- model knowledge early in order to get customer feedback and to reinforce testing;
- facilitate teamwork by improving communication across boundaries;
- leave options open by making difficult decisions at the right time;
- manage the balance between reusable inputs and unique customized solutions;
- manage interfaces between the project and its environment with care;
- contribute to the learning process through measurement and improvement.

This volume of activities will appeal to project leaders, workshop facilitators and team coaches who recognize the importance of thorough preparation at the beginning of a project and are looking for something that complements conventional approaches.

Introduction

If you are in a company with a high cost base, surrounded by competitors, with technology testing your competitive edge, and perhaps even your business model itself threatened, then you need project management more than ever before. This is the situation in which many companies find themselves compelled to innovate on their products, processes, partnerships, systems, skills, structure, and every other element of their industrial mix.

And if you as an individual are longing to solve the problems of the world, while fulfilling your own potential and making yourself feel really worthwhile, whatever your motivation there are projects in your life. And what else matters? As a famous philosopher said, each of us is a project. Whether or not you go that far, projects are good for our motivation and important to us.

Project management, as well as being important, is also quite difficult to get right. Because every project brings something new, and whilst learning is about improving things we have done before, becoming good at project management is about getting better and better at doing things that we are doing for the first time.

So the project management process – if indeed it can be called a process when the true sense of the term means things that repeat – brings particular challenges. And one of the consequences is that there is a significant gap between those companies that do it well and those that do it less well – sometimes as much as 1:4 in terms of time to get the job done from drawing board to completion, which is absolutely critical in a competitive context.

[Activity 1](#), 'Benefits of project management' addresses the concern about the lack of investment in project management compared to its importance. If such an important and difficult subject area suffers from underinvestment, then instead of project management being a source of continuity and positive improvement, it becomes a potential source of discontinuity and organizational decline.

Now having expressed the challenges in quite dramatic terms, it is most encouraging to realize how much the average project can be improved. For a start, many projects do not take adequate account of their customers. The best place for the customer is at the heart of the project. But the customer may not be able, or even wish, to express their needs. Thus, [Activity 5](#),

‘Customer understanding’, helps projects become more customer-centric by developing the idea that needs can also be revealed through observation, feedback and intelligent interpretation.

Marketing often acts as ‘the voice of the customer’, but essentially puts market understanding, rather than good customer experience, at the centre of its concerns. And customer service investments have often concentrated on streamlining customer administration activities, whilst ‘supply chains’ put logistics efficiency first, as opposed to ‘demand chains’ which would start with the customer outlet and work back to the production source. In fact, all the actors in the creation process have legitimate claims on the project outcomes as part of a value chain, all the way to the customer and even as far as the customer of the customer of the customer.

Each actor brings their own unique perspective to the project, not to mention clashing priorities, disparate interests and mutual misunderstanding. This ‘them and us’ attitude is so endemic that it is often easier to separate the different protagonists by putting distance and walls between them – in which case, the mistrust and incomprehension compounds. If you hear a person exclaim, ‘I don’t understand anything that you’ve been talking about for the last 15 minutes’ and another person reply, ‘And I don’t understand what you don’t understand about what I’ve been talking about,’ then you need [Activity 30](#), ‘Transversality index’ which evaluates the degree of cross-disciplinary understanding that exists in an organization. These misunderstandings are basically due to ignorance and the antidote is to exchange some key concerns for at least 15 minutes at the start of the project.

Meanwhile, [Activity 24](#), ‘Stakeholder analysis’, reflects the emergence of stakeholder management as a vital project skill and sets out to identify not only the project antagonists and protagonists, but also the extent of the influence that each brings to the project as well as the importance of their expectations. In this way, the project team becomes more proactive in managing the politics, especially in a complex organization.

As we analyze the stakeholder expectations, we are learning more about the context of the project, the stakes and the anticipated benefits. The traditional approach to project management exhorts us to ‘plan the work and work the plan’. However, if we plan a solution that we don’t understand, or devise a solution to the wrong problem, when we deliver the results at the end of the project we will only end up with a promise to do things better next time.

Project management needs its own revolution, which sounds more alarming than it is. The wheel of quality, made popular by Deming, needs to be shifted two notches backwards so that instead of ‘plan–do–check–act’, the whole team starts with a check of the initial situation, then acts to identify solutions to the problems and challenges, before planning and doing. In other words, the whole team thinks before doing. ‘Plan–do–check–act’ becomes ‘check–act–plan–do’. ‘Situation analysis’ ([Activity 23](#)) allows the team to use different techniques to improve their understanding of the initial situation on the project.

In the old sequential way, top management is responsible for defining the problem, senior management for choosing a solution, project management for planning the project, and the team for doing the work. The new way of working – originally termed ‘simultaneous engineering’ or ‘concurrent engineering’ – dynamic or agile project management, platform or multidisciplinary teams, invites participation from the whole core team throughout the whole project life cycle. The entire highly educated team is involved from end to end. ‘Roles matrix’ ([Activity 21](#)) sets out to expound each interdependent team role during the steps of the project life cycle.

The most rancorous and gripping stage of the project life cycle is the storming phase. Forming announces the task and sets the scene. Storming delves into all the snarls and headaches of past disappointments and the uplifting promise of new creations. Norming builds a plan and a structure for working together. Fluent cooperation during performing delivers the results. Many teams get stuck in the storming phase. The projects they are trying to resolve become bogged down. Many of the most important projects in the world founder on rocks in stormy seas. ‘Storming phase’ ([Activity 25](#)) sets the team working constructively on charting paths through the storm. It is based on understanding the kinds of conflict that are present.

Creativity is often the forgotten relation of project management, but it has a vast potential for improving project performance. Many people immediately associate ‘creativity’ with ‘brainstorming’, perhaps not realizing that there are very many brainstorming techniques that help to produce and evaluate ideas. As far as creativity is understood, it involves two patterns of thought: opening up to new ideas and selecting the most appropriate ideas – in other words, divergence followed by convergence. When opening up, people may follow two paths, either seeking and adapting external ideas or building ideas based on their own inspiration. The approach adopted depends very much on individual and group preference, the mood of the moment and a touch of flair. Sometimes it catches fire; sometimes you need to move on to something else. [Activity 3](#), ‘Creative concepts’ presents a few creative approaches, all of which are popular favourites, and which can be swapped in and out depending on the way in which the group performs.

Creativity’s cousin, innovation, is best understood as the practical application of creative ideas to generate useful solutions. The dilemma of innovation is that new ideas have to compete with existing money-earners. Thus an organization can find itself in competition with itself, and is very likely to underinvest in a new opportunity in order to protect its existing business. Meanwhile, new organizations have no hesitation in pursuing the creative destruction that can change the status quo. Whilst incremental innovation advances in small steps to improve what already exists, radical innovation targets breakthroughs that redefine markets and technologies. Radical innovation is both more complex and more risky than incremental innovation.

[Activity 10](#), ‘Four types of innovation’ advocates a balance between incremental, radical, opportunistic and strategic innovation, where opportunistic innovation brings high risks and low complexity and strategic innovation offers lower risk and higher complexity. The innovator’s

paradox is that avoiding risky projects results in the portfolio lacking the balance necessary to guarantee the organization's future. A more complete portfolio mitigates the organization's exposure to competitive initiatives by building in a best mix of risk and complexity. Opportunistic projects are small fast bets to explore interesting prospects. They are frequently market-driven. Strategic projects tend towards long-term investments that involve considerable complexity, multiple partners and a high degree of technological content.

Each of these kinds of innovation – incremental, radical, opportunistic and strategic – can benefit from a slightly different approach to project management. 'Dynamic versus static project guidelines' ([Activity 6](#)) provides a checklist that helps participants appreciate the contrast between the extremes of purely incremental approaches (static) and thoroughly radical approaches (dynamic). In the first approach working relationships can be ad hoc or sequential; in the second approach, contact needs to be intense and frequent. With static projects the requirements must be easy to prescribe from the start, whilst dynamic projects integrate learning, experimentation, discovery and invention. Managing people in a dynamic creative environment requires a participative approach from the outset of the project, where, as with a static, predictable context, the approach can be more directive.

If the whole team could be on the same page right from the start, it would save much pain and turmoil later in the project. [Activity 13](#), 'One-page project', has much in common with a project charter, but goes a bit further. It exists to guide the team, as well as to formalize the relation between sponsor and project manager. Successful teams – most visibly in the fields of sport and entertainment – are tightly focused and interdependent. The one page that your project team produces is a compact bond that builds the future of the project and the team. And one of the most vital outputs is to identify success – not just critical factors, but also outcomes and return on investment.

A business model is a concept that expresses the business logic of an organization, describing the value a company offers to customers, the structure of the firm and its approach for creating, marketing and delivering sustainable value. A winning business model remains an elusive notion until you can give it a trial run. Therefore successful business models rely on the possibility of running tests with real customers, and the definition of these tests for each step along the way is critical. 'Business modelling' ([Activity 2](#)) works a little like benchmark thinking: choose a business model from any domain, try to combine it with your own, see where it takes you, try to think of some first vital steps, and ask the right kind of questions.

You can't take the risk out of entrepreneurship. And you can't do a project without risk. Nevertheless, if you identified 100 threats to your project and 80 per cent of these could be categorized as 'high probability' and 'high impact', you would be very likely to walk away from the project immediately. Unfortunately, many projects seem to sleepwalk into disaster. Looking back, it seems obvious what should have been done, but it wasn't seen at the time. Hindsight is a wonderful tutor, as they say. How, then, can we become more

alert and aware when we are making those critical go/no-go decisions? The purpose of [Activity 20](#), 'Risk and diligence', is not to become risk-averse, but to be sufficiently vigilant and clairvoyant in order to raise our ability to take the right decisions at the right time, by asking probing questions rather than closing our eyes and hoping for the best.

We avoid giving up something we own already; even for something tempting that we don't have. We are often overoptimistic about our ability to estimate accurately. We think we know more than we really do. [Activity 9](#), 'Estimating quiz', demonstrates this tendency to overestimate our powers of prediction. Conversely, a group often knows more than it realizes.

Just as 'Estimating quiz' reveals the way we think about estimates and tells us much about how our confidence can lead us astray, brain-teasers tease out more understanding about our thinking and understanding of rationality. In the right circumstances, 'Team brain-teasers' ([Activity 26](#)) can shake people out of certainties and induce them to question themselves. They reveal the patterns of our thinking and offer new perspectives. They demonstrate how easy it is to confound probabilities, methods and logical sequences – all very useful lessons as we embark upon decisions that we could regret later.

'Use case' ([Activity 32](#)) is a fresh and potent technique that has arisen in software development and can be applied to almost any product or service context. It explores a situation from the perspective of a user with a particular need and describes a sequence of actions to achieve a specific goal. Studying the way in which an object can be used step-by-step can reveal many opportunities for improvement. 'Use case' provides a template and some trial examples for developing and applying this approach.

Use cases should be developed and described in terms of tests and prototypes. Testing has often been considered to be something of a mystery. The skill of a good tester is to find out what doesn't work and also to relate the testing to the business requirement. Testers need to be thorough and to be able to reiterate what goes wrong. The 'Testing and prototyping' framework ([Activity 28](#)) provides a method and a structure that could appeal to an experienced tester, and would help a part-time tester.

Usability is a theme close to the user's heart. The principles of usability are those of good design. And good design is about making a product or a service people-friendly from the interface into the core, because the core serves the outer functions and allows them to evolve and adapt to meet changing needs. [Activity 31](#), 'Usability', addresses the lack of design knowledge that permeates the average project. Design awareness leads to an advanced responsiveness to the issues that a product or a service will encounter during its life cycle.

'Technology roadmap' ([Activity 27](#)) is a tool for projecting ahead and building the best understanding of future technological trends into the thinking about the project. Experts are constantly planning on this basis, but the reasoning is tacit. This exercise makes the technological planning process more explicit by shining a light on the underlying assumptions that drive strategic decisions. It also has the potential to help different functional experts construct their vision together.

Improvements lie in wait if we take the time to ponder our options and apply serious creativity. We can't take the world as it ought to be; we have to deal with it as it is. But when developing a product or a service, we can do the opposite – by letting go of the limitations and imagining what could be possible and what should exist to create a better experience, we can change the constraints that bind us. 'Product improvements' ([Activity 16](#)) gives a free rein to inventive thinking. Nothing can stop us. Anything that exists can be improved, because nothing works perfectly.

Inspiration gives way to systematic definition in [Activity 11](#), 'Functional design'. It involves analyzing requirements against functions, functions against components, breaking down, building up – bringing the world of the engineer to product and service design. The structured approach has the merit of transparency and accessibility. Thanks to a methodical approach, different parties can both play a part and understand the part they have to play.

Although quality is espoused, it is seldom pinned down in a uniform manner throughout an organization. In one place it means consistency and in another adaptability; in one area operational efficiency and in another customer enthusiasm. These differences in perceptions are not surprising, given the tendency to localize performance measures. [Activity 19](#), 'Quality controversies', explores some ideas about quality. From a project perspective, the precise definition of quality for the project should be clarified in a quality plan.

Quality reviews and project evaluations can be carried out at the end of a project or half-way through. The mid-term evaluation offers a critical opportunity to take the temperature of a project and also to make the big call on go or no-go. 'Project health check' ([Activity 18](#)) enables the project team to perform a quick spot-check on a mostly subjective basis. The results are presented on a spidergram.

The last line of defence against poor quality is to put up a wall between the factory and the customer. At the gate, only satisfactory quality can be allowed to pass. However, anyone who knows about quality understands that it must be built into a product or a service from the start. Quality takes time: it involves recycling good learning and cutting out what doesn't work. 'Process maturity' ([Activity 15](#)) takes a classic five-step approach from an entry level standard of quality – 'We get the job done, but in a chaotic way' – to a higher-order level of quality – 'We aim to achieve zero defaults through continuous managed improvement.'

For organizational learning to come alive there has to be some degree of personal individual learning and plenty of investment from the individuals themselves. 'Self-learning' ([Activity 22](#)) takes participants through a logical step-by-step approach so that they can become more consciously aware of the learning process and therefore more able to manage it conscientiously. By seizing this initiative, which is another step towards taking responsibility and becoming proactive, the organization is more likely to progress collectively as a unit.

[Activity 29](#), 'Time lords' is about ways to gain time, as well as ways to save time. Time is probably the least understood dimension. It has a kind of quantum, elusive nature that is as much linked to our interior being as it is to the world outside. We don't have to philosophize to improve our time management, but it does help to consider the subject from different angles. The 'Time lords' approach is to brainstorm time-gainers and time-savers, and to turn weaknesses into strengths.

Teams are comfortable when they play at home. Home ground for a project team is when the project is displayed as a work breakdown structure with each element described and apparent to all concerned. However, more can be done with a work breakdown structure than is usually recognized. 'Project breakdowns' ([Activity 17](#)) explores some ways of putting the breakdown structure to work by mapping it on to itself, using the design matrix technique and developing the responsibility matrix.

It's hard enough to estimate cost, but even more difficult to assess value. This gives all the more reason for making sure that the cost estimates are as informed as possible. [Activity 8](#), 'Estimating guidelines', sets out to develop some cost awareness and give practice in some negotiating skills. Although many people are reluctant to give a cost estimate at the beginning of a project, they should be encouraged to do so. It is better to have a wide-range estimate than none at all, because it leads to discussion, negotiation and further analysis. And, as the project progresses, the estimating band will narrow.

Value analysis is easier to apportion in terms of relative value than in terms of absolute value. This is the approach adopted in [Activity 33](#), 'Value analysis and metrics'. The decision on how to divide up value between different choices is a more natural decision process than trying to assess how much something is worth in absolute terms. Thus, skills in value analysis are closely related to skills in prioritization.

Since the emergence of the original project management techniques, it was always intended that planning should be carried out in terms of deliverables as opposed to activities. After all, sitting in an office, clocking up time, does not mean that you are automatically accomplishing useful work. Results are measured in terms of output, and 'Planning by deliverables' ([Activity 14](#)) takes account of this fact. Participants start with an activity-based schedule and then turn it into a milestone plan focused on deliverables. Next, they determine how those deliverables will be defined, assessed and controlled when they are received, making this an entirely useful exercise that shifts the focus on to what matters.

Nevertheless, what matters to individuals depends largely on the different viewpoints that they bring to their projects and the way in which they prefer to fit into a team. Any understanding of project management would be incomplete without an awareness of this inevitable faculty to be either complementary or contradictory. 'Life-cycle profiles' ([Activity 12](#)) is a novel approach to team profiles that aspires to reveal some differences and underline the benefit of balance at the heart of a team. The approach is original, because not only do these teamwork preferences map on to the project life cycle, but they also evoke the humours of the classical philosophers.

The Greek philosophers were the first to muse in writing about diversity in personality, as opposed to differences in talents. They were also advanced in the skills of dialectic and critical thinking. 'Critical thinking' ([Activity 4](#)) offers a collection of 'meta thoughts' – thinking about thinking – and suggests a few paradoxes to demonstrate the fact that our ideas and thoughts, our judgement, convictions and facts are not as sure and as sound as they sometimes seem. Conversely, we may know more than we think we know. As they say in the military, there are 'known knowns' and 'unknown knowns', 'known unknowns' and 'unknown unknowns'. The unknown kind of 'knowns and unknowns' are the ones that most often sink our thinking.

Lazy thinking creates problems that hard work must resolve later on. But the mind can drift when the body is drowsy. 'Energizers' ([Activity 7](#)) are activities to stimulate the body as well as the mind. In short, they are activities that briefly get people out of their seats and set the blood coursing round again. If these don't work, then organize a game of bowls or 'boules'. If the fun goes out of a project, it becomes a lot more difficult to reach the goal.

ACTIVITIES SUMMARY GRID

Activity or Exercise	Tactical/Project/ Task	Strategic/Process/ Team
1. Benefits of project management		
2. Business modelling		
3. Creative concepts		
4. Critical thinking		
5. Customer understanding		
6. Dynamic versus static project guidelines		
7. Energizers		
8. Estimating guidelines		
9. Estimating quiz		
10. Four types of innovation		
11. Functional design		
12. Life-cycle profiles		
13. One-page project		
14. Planning by deliverables		
15. Process maturity		
16. Product improvements		
17. Project breakdowns		
18. Project health check		
19. Quality controversies		
20. Risk and diligence		
21. Roles matrix		
22. Self-learning		
23. Situation analysis		
24. Stakeholder analysis		
25. Storming phase		
26. Team brainteasers		
27. Technology roadmap		
28. Testing and prototyping		
29. Time lords		
30. Transversality index		
31. Usability		
32. Use case		
33. Value analysis and metrics		



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Benefits of Project Management

DESCRIPTION

Despite the importance of projects to business – the innovation of products, improvement of processes and the updating of systems – far more is invested in the management of repetitive and routine activities than in projects.

This is out of proportion. You can investigate and prove to what degree this is the case within your own organization by asking some pertinent questions.

Application

The project management process is complex and difficult. Processes are about repetition, continuous improvement and learning from experience. But because projects concern challenges that are unique and temporary, success in project management means getting better and better at doing things that have never been done before by your organization – or perhaps by any organization in the world. And whilst most projects last weeks or months, some may last years.

Furthermore, companies have underinvested in the process of project management compared to other processes that may be more evident. We are faced with a ‘triple whammy’ – important, difficult and underinvested. This activity gives three perspectives on the value of project management to the organization.

Aims

- To underscore the importance of investment in project management.
- To reassess the level of investment that might be more appropriate to project activities.
- To be able to communicate the need for investment in project management.

Trainer guidance

There are three ways of assessing the value of project management to the business.

The first way is quantifiable and based on the idea that investment in project management should be proportionate to the importance of the projects as a proportion of overall company investment.

The second way focuses on using the project milestones to provide the company with opportunities to make investment decisions. The more opportunities there are for assessing options the easier it is to make the right decisions.

The third approach centres on quantitative, qualitative and improvement benefits or project management applied to a project. It is this kind of approach that might be used for a systems or process improvement investment.

Each approach requires some study and collection of data. This involves both quantitative and qualitative data as suggested by each analysis. If there are several groups, then different groups could do a different part of the analysis. If there are more than three groups, then the third analysis can be divided among two or three groups.

Method

1. Distribute the questions (Handouts A1.1, A1.2 and A1.3) before the event.
2. Allow the groups 20 to 30 minutes to process the data for each question.
3. Ask each group to present their feedback.

Learning messages

An argument needs to be made for project management. Projects are important to organizations because they produce change and lead to innovation. However, projects have tended to be underinvested. This exercise is intended to reinforce the arguments for investment in project management systems, processes and services within the organization.

Timing

Total = 30 minutes to 1 hour:

- 20 to 45 minutes for the questionnaires and discussion.
- 10 to 15 minutes for the groups to present their feedback.

Materials

- Handout A1.1: Proportionate investment analysis.
- Handout A1.2: Project feedback analysis.
- Handout A1.3: Quantitative and qualitative benefits analysis.

Proportionate Investment Analysis



Handout
A1.1

The following questions concern proportionate investment, based on the simple assertion that the investment of resources in projects should be proportionate to the importance of projects for the organization.

What is the total budget for all the projects in the organization?

- What is the total annual budget (or expenditure) for projects as a proportion of the total annual budget (or expenditure) for the organization? (b)
- What is the total financial investment on systems and software for managing projects as a proportion of the total investment on systems and software? (f)
- What is the total time spent by senior managers on projects as a proportion of total senior management time? (t)

If (f) financial investment and/or (t) time spent are less than (b) proportion of project budget (or expenditure) in the organization, this indicates that projects may be more important to the organization than the amount of investment in finance and effort.



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Project Feedback Analysis



Handout
A1.2

The benefits on projects are often inadequately assessed, or else they are assessed in terms that are speculative, hypothetical and too far into the future.

Ask the following questions for each project:

- What is the dream outcome?
- What is the expected outcome?
- What is a reasonable outcome?
- What is the worst outcome?
- How soon can you get any payback on this project?
- How soon can you get any feedback on this project?

The period for obtaining feedback and thereby reassessing the project should be between one-fifth and one-twelfth of the project's duration. For example, if the project lasts a week there should be some indication every day about whether the project is going to generate the expected benefits. If the project lasts a year, the period for obtaining feedback might be more like a month.

Be wary: this feedback concerns whether or not the project is going to generate benefits for stakeholders, not whether it is going to fulfil requirements, fall within budget or finish on time.



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Quantitative and Qualitative Benefits Analysis



Handout
A1.3

Assess the benefits of project management in the following way:

- What are the quantitative benefits?
 - Savings in cost and time.
 - Reduced rework.
- What are the qualitative benefits?
 - Reduced number of defects.
 - Customer satisfaction.
 - High team morale.
 - Reputation for professionalism.
- What are the process improvements?
 - Tasks that are saved minus tasks that are added.
 - Beneficial changes that would not have been possible.



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Business Modelling

DESCRIPTION

A business model is a way of obtaining value through a combination of price, product, promotion and distribution. In that sense it resembles marketing. But a business model also contains many elements of strategy. It targets a pivotal position of power in the value chain that brings a product from source to outlet. It can be strong on customer focus, operational efficiency, competitive positioning, partnering or financial acumen.

Many business models are easier to recognize in action than to conceive in the first place. However, by studying existing business models and working backwards, or by asking probing questions that reveal flaws and openings, new insights can be crafted into breakthrough thinking. In this activity participants act as the sponsor of a project in order to introduce a change in the way in which their organization works its supply chain, product development, customer relations, production management, or some other key business process. They do this by asking questions that lead people to frame the business in a different way.

Application

This activity offers an opportunity for accompanying, coaching, mentoring and guiding people towards a more complete understanding of the business. It is appropriate when addressing the issue of sponsorship, programme management or portfolio management.

Aims

- To approach the project with the open-mindedness that invites new opportunities.
- To obtain inspiration for new business models from real-life examples.
- To ask the kind of questions that fuel breakthrough thinking.

Trainer guidance

You can opt for an off-the-cuff session, in which case 1 hour would be ample to get the participants warmed up and develop interest. Alternatively, you could opt for a preprepared and researched session, with input from competitive analysis, benchmarking data and adequate Internet research. This might extend the session to half a day. However, it is best not to stretch the session out for too long because energy levels will diminish.

There are three approaches, which can be developed in three steps:

1. *Cross-pollination of business models.* This involves juxtaposing different examples of business models –that is, examples of successful companies in different industries – with your own. For example, you might compare your company with IKEA, with Hertz, with Louis Vuitton or with Hewlett Packard. If, say, you were to cross IKEA with Hertz, you might obtain furniture to rent, or build-your-own cars; and Louis Vuitton crossed with Hewlett Packard could give either a luxury component that would be replaceable or an exclusive design element that would polish the brand image.
2. *Assessing dimensions of the business model.* This involves using a checklist of some of the elements of a business model that make up the whole (see Handout A2.1). A team can consider them one-by-one, or simply concentrate on just one element. The idea is to determine what else defines the particular business model on which the team is focused.
3. *Brainstorming ‘inside the box’ thinking.* Brainstorming sessions often founder due to a lack of direction or through the absence of a well-defined purpose. But by asking more searching questions (see Handout A2.2), the brainstorming session can quickly generate a sense of achievement, rather than aimlessly wandering.

Before running the activity using this approach, resource information and look for stories and examples that will fuel the generation of ideas.

Method

1. Make sure that there is enough energy in the group. If necessary, use an energizer from [Activity 7](#) to fire up the participants. If using the ‘dimensions’ approach, distribute Handout A2.1; alternatively if you prefer the brainstorming approach, distribute Handout A2.2.
2. Seek inspiration: Use the information, stories and examples that you researched in advance to stimulate the generation of ideas and insights.
3. Bring the ideas together: encourage the ideas to come out into the open. If you can, organize the participation of experts and enthusiastic outsiders by planning the session as a workshop.
4. Define decisions: agree on decisions that have to be made and actions that can lead to close-out on those decisions.

5. Close out quickly: end the session while the energy level is still high. It is better to have a further session than to dissipate the creative energy.

Learning messages

Cross-pollination reminds us that many of the best ideas are to be found outside the organization. Assessing the dimensions of the business model encourages us to search in the corners of our understanding to retrieve promising ideas. The 'inside the box' questions show the power of channelling creative thinking towards one focused question.

Timing

Total = 1 hour (if the session is spontaneous and not prepared) or 2 to 3 hours (if research has been carried out and resources prepared beforehand).

Materials

- Handout A2.1: Dimensions of a business model.
- Handout A2.2: 'Inside the box' thinking.
- Flipchart (if using the brainstorming approach).