MANAGING CHANGE IN OPERATIONS
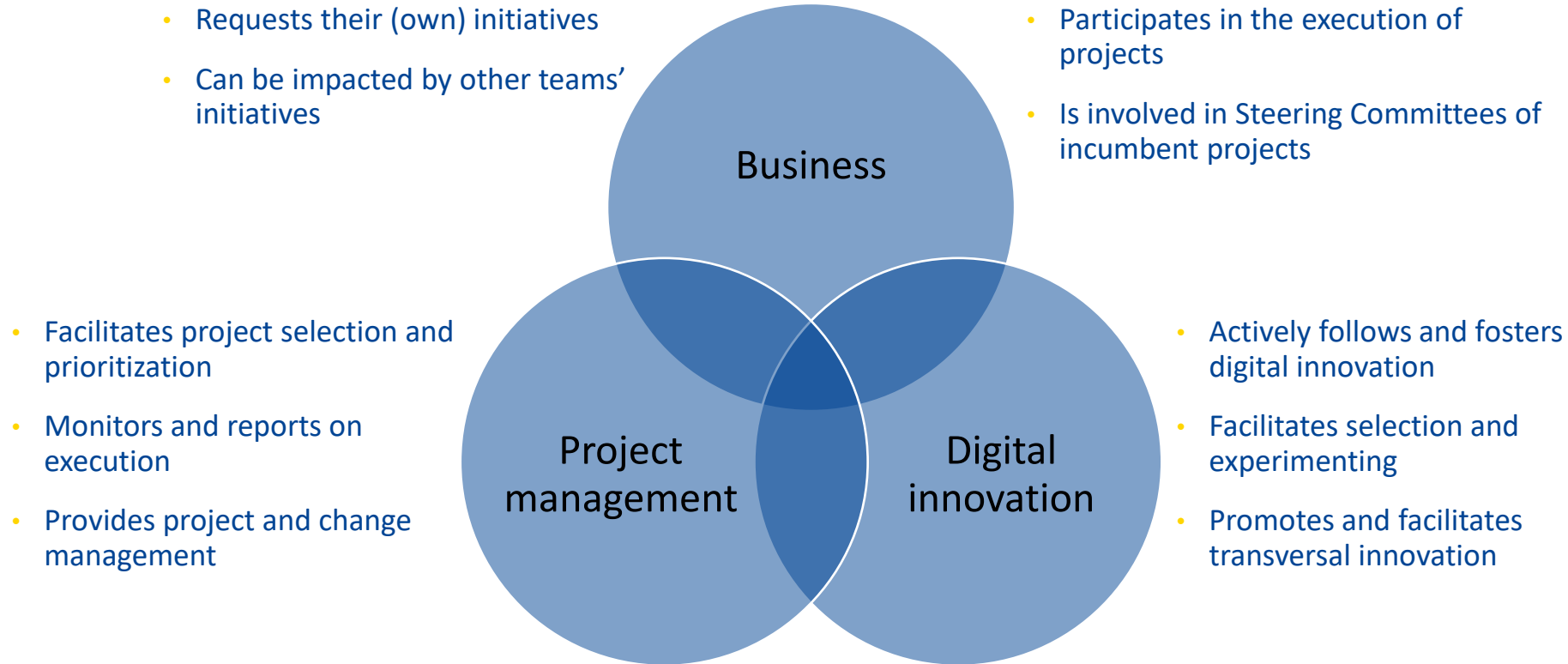
The ESM perspective

David Blazquez Vila, Josselin Hebert and Sara Alonso
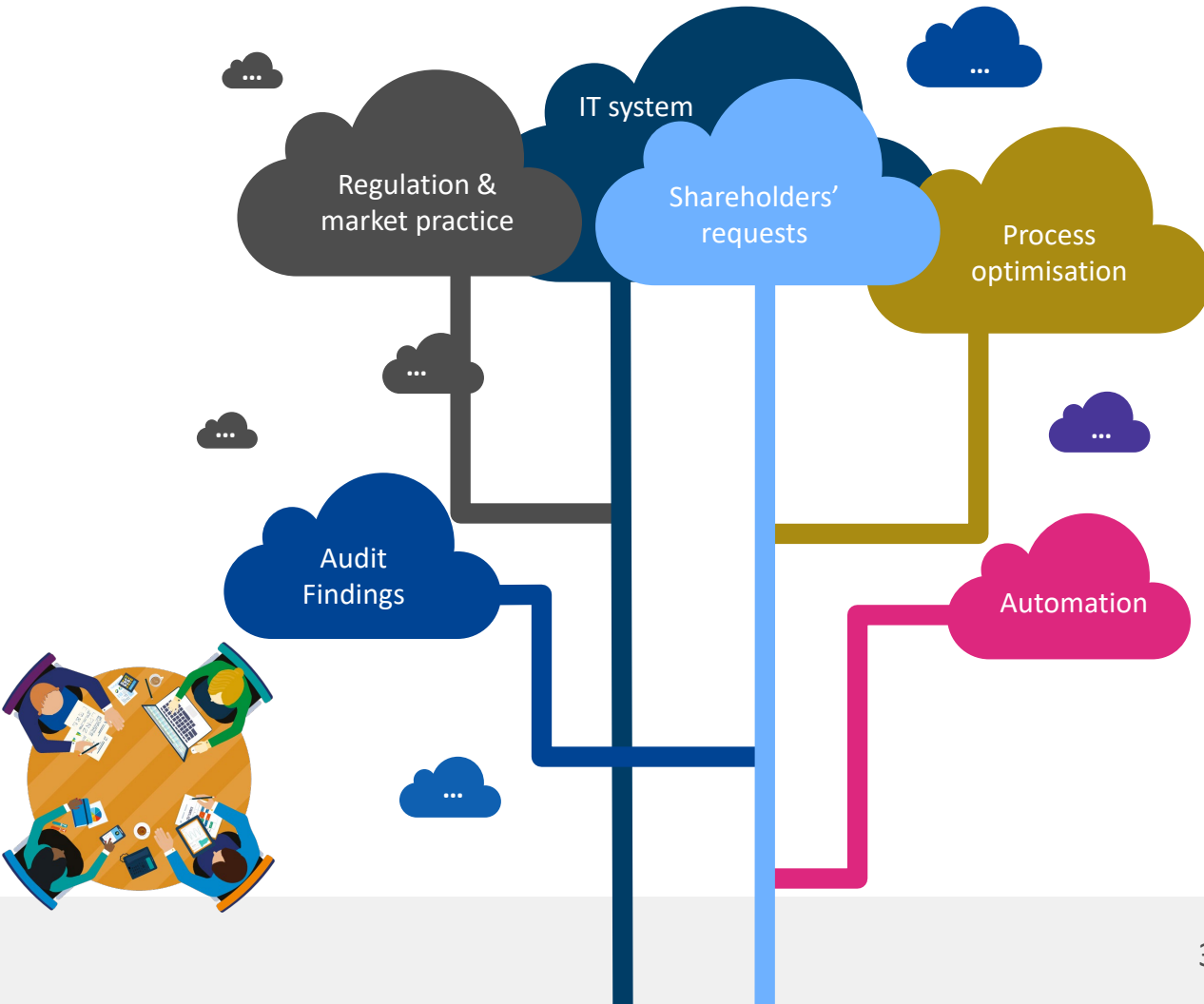
30 November 2023

ESM FRAMEWORK – ACTORS INVOLVED IN CHANGE

- Requests their (own) initiatives

- Can be impacted by other teams' initiatives

- Participates in the execution of projects

- Is involved in Steering Committees of incumbent projects

Business

- Facilitates project selection and prioritization

- Monitors and reports on execution

- Provides project and change management

Project management

Digital innovation

- Actively follows and fosters digital innovation

- Facilitates selection and experimenting

- Promotes and facilitates transversal innovation

ESM FRAMEWORK - BUSINESS PERSPECTIVE

Regulation & market practice

IT system

Shareholders' requests

Process optimisation

Audit Findings

Automation

- Same team performs BAU and project work
  - Can be complemented with external expertise
  - Requires teams to be familiar with project methodology
  - Ownership of the solution, eases adoption
  - Engagement driver
  - Clear prioritization needed to manage daily operations and project milestones

esm

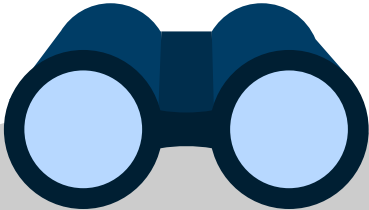# BUSINESS STRATEGY AND PROJECT MANAGEMENT

ONE MISSION AND SEVEN CAPABILITIES

MISSION: The BSPM team enables the ESM to reach its strategic goals by improving organisational performance and realising organisational change.

CAPABILITIES: we achieve our mission by deploying all our seven capabilities:

Strategy definition, planning and monitoring

Operating model design

Project Portfolio Management (PPM)

Project Management

Business Analysis

Oversight of external consultants

Change Management

AN ESM WIDE COMMITTEE IS ACCOUNTABLE FOR PROJECT PORTFOLIO STEERING

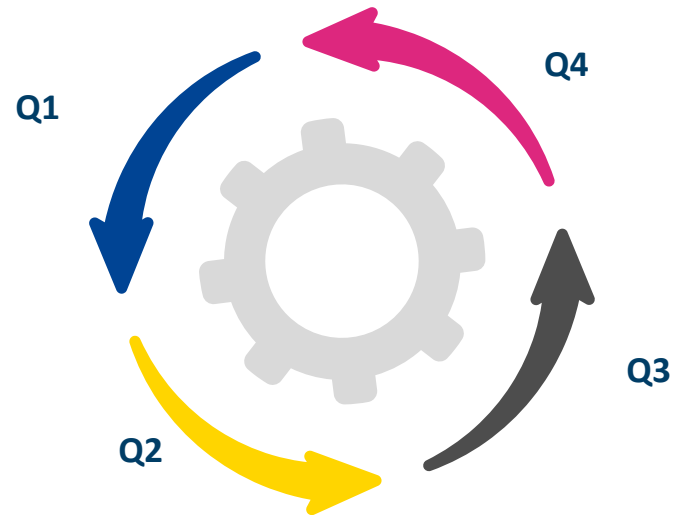**Corporate Project Committee approves cross divisional initiatives based on …**

BENEFITS	BUDGET	CAPACITY

.. ensuring alignment with the ESM strategic priorities

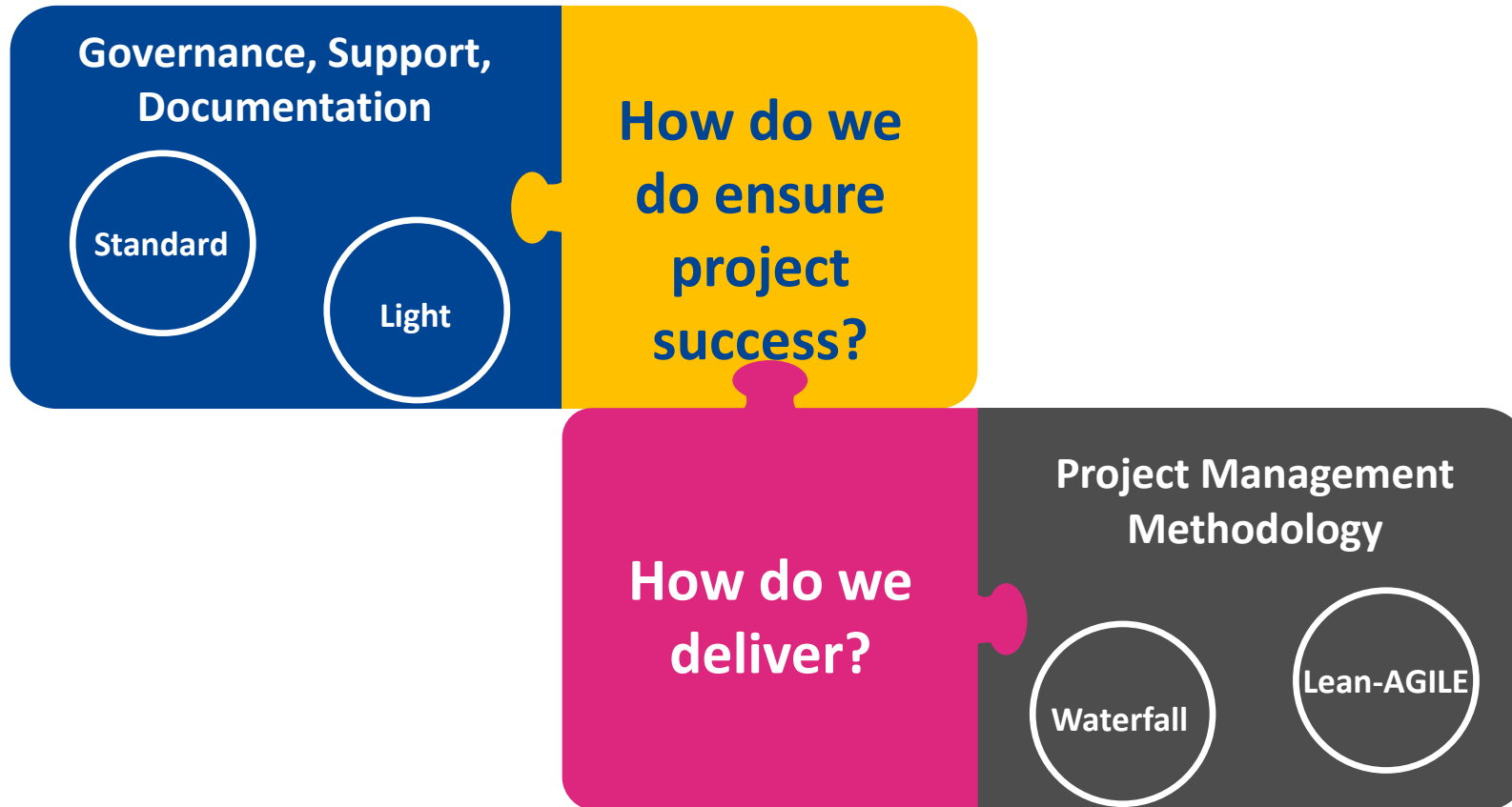**Once approved, execution is triggered ….**

PROJECT PORTFOLIO MANAGEMENT

- **On an annual basis**

  - Project backlog update (identification of new ideas and negative priorities based in a reviewed ESM strategy)

- **On a quarterly basis: (re) planning of the next 12 months**

  - Last quarter achievements and deviations

  - Identify available capacity and budget

  - Selecting new projects for next quarter and their execution method (governance/methodology)

- **On a monthly basis, monitor and resolve:**

  - Project portfolio status, dependencies, risk and issues

  - Resource conflicts (e.g., between projects or with division business as usual activities)

  - Budget deviations

  - Approve project initiation (business case) and implementation (project charter)

ENABLING THE ESM TO REACH ITS STRATEGIC GOALS THROUGH PROJECT MANAGEMENT BEST PRACTICES

Governance, Support, Documentation

Standard

Light

How do we do ensure project success?

How do we deliver?

Project Management Methodology

Waterfall

Lean-AGILE

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SUCCESSFUL CHANGE REQUIRES TECHNICAL AND PEOPLE SIDES

"Technical" does not just mean 'technological'

Technical Side → Design / Develop / Deliver

"Technical side" executed by project management discipline

Reason for Change → Current State / Transition State / Future State

People Side → Engage / Adopt / Use

"People side" executed by change management discipline

+ **=** **Success**

osm
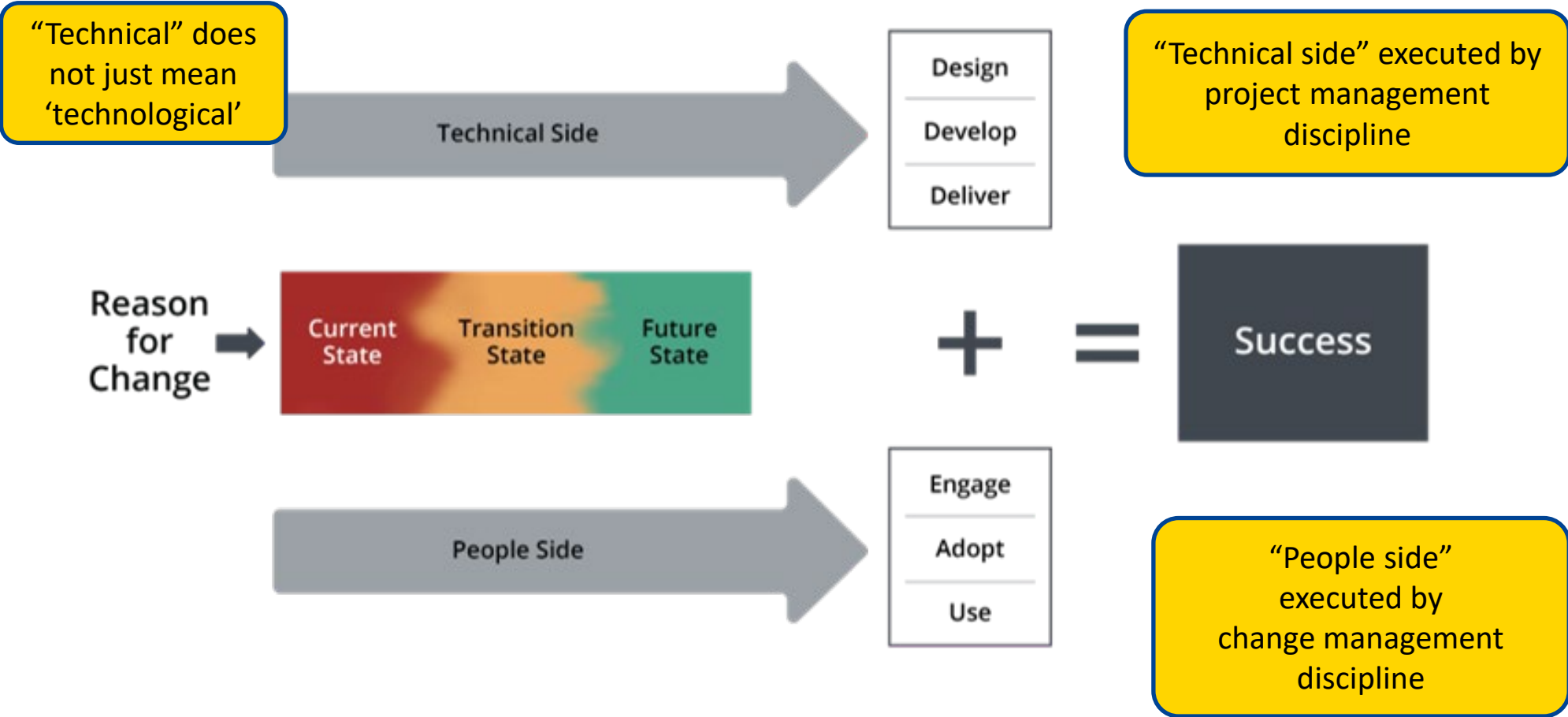
DIGITAL INNOVATION @ESM

DIGITAL INNOVATION RELIES ON 5 LEVERS THAT SHOULD ALL BE ACTIVATED AND MONITORED

'Test and learn' mindset and awareness opportunities

Digital Innovation funnel involving key functions upstream in the process

'Buy first' philosophy (vs. build) + continuous scouting

CULTURE

PROCESS

INNOVATION LEVERS

ECOSYSTEM

GOVERNANCE

ENVIRONMENT

- **Innovation framework and roadmap approved by Management Board**
- **Integration in ESM's project portfolio governance**
- **Yearly budget for experiments**

Transversality as one of the prioritisation criteria

START SMALL: POC VS. MVP

COMMON OBJECTIVE: GATE BEFORE INVESTING FARTHER

PROOF OF CONCEPT (POC)

- Prove feasibility / added value / interest

- Outcome can go to the bin, or constitute building blocks for final product

- **Product delivered in less than 3 months** – can be extended with longer test phase

- **Maximum budget 50k€**

- → Quick & dirty (in the limits of the objectives of the POC)

MINIMUM VIABLE PRODUCT (MVP)

- Provide the most basic version of a product, vs. full target

- Outcome
  - reliable, needs to be maintained
  - should evolve quickly in succeeding versions
  - scalable

INNOVATION FUNNEL: A PROCESS TO ACHIEVE INNOVATION

STOP OR GO:
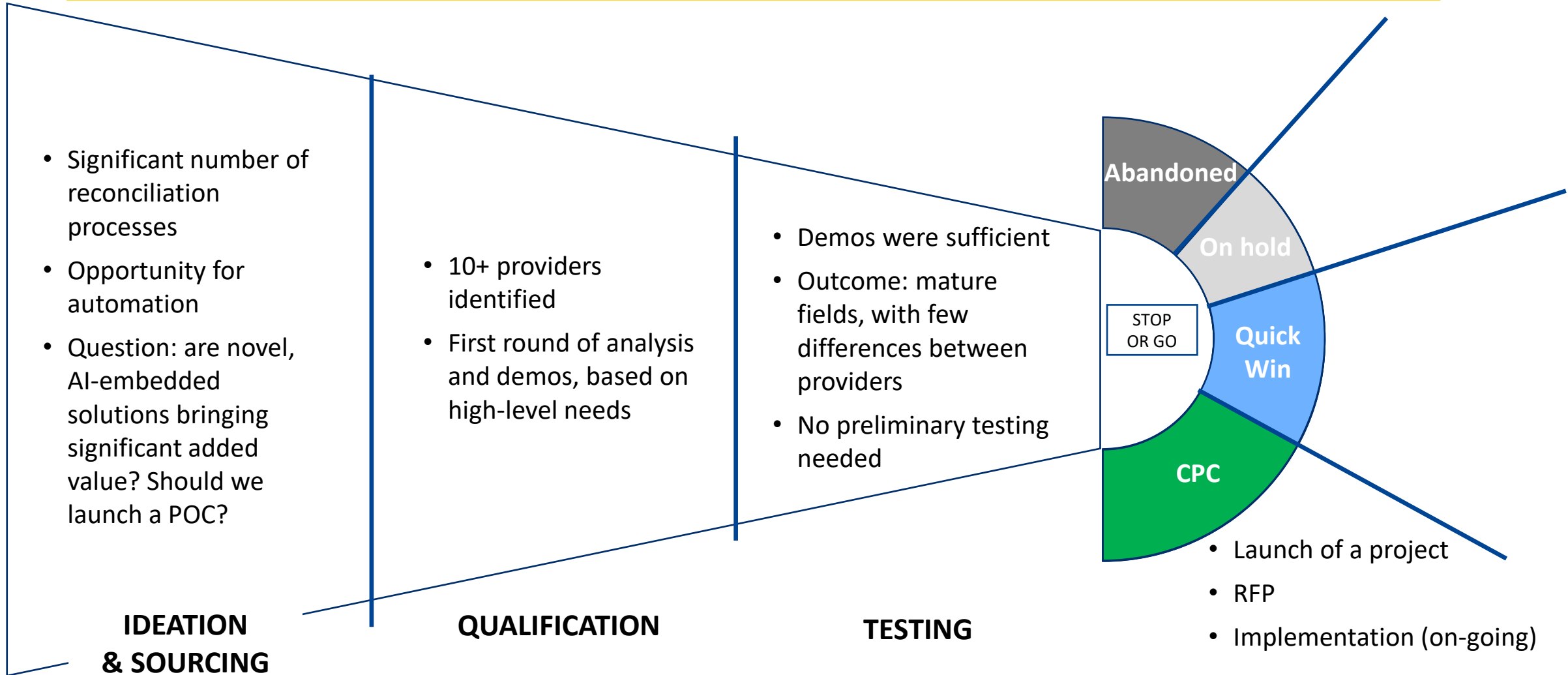**CPC APPROVAL EXCEPT FOR BUDGET < x EUR AND NO RESOURCES OUT OF BUSINESS DIVISION REQUESTOR REQUIRED**

STOP OR GO:
CPC APPROVAL EXCEPT FOR BUDGET < x EUR AND NO RESOURCES OUT OF BUSINESS DIVISION REQUESTOR REQUIRED

Outcome not satisfactory

Various reasons, e.g. consolidate data before deploying

- Increase awareness
- Identify needs / ideas
- Identify technologies
- Source partners
- Prioritise

- Select partner for the test
- Define test success conditions (target KPIs)

- Validate usability
- Validate technical solution
- Measure test result (KPIs)

Abandoned

On hold

STOP OR GO

Quick Win

Small amount, no RFP needed, immediate deployment

🔑 *Agile method, limited timing, business line involvement*

CPC

🔑 *Involve final users to validate need*

🔑 *'Design sprint' involving business line and relevant functions*

ESM project portfolio governance

IDEATION & SOURCING

QUALIFICATION

TESTING

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EXAMPLE #1: DATA RECONCILIATION TOOL

- Significant number of reconciliation processes
- Opportunity for automation
- Question: are novel, AI-embedded solutions bringing significant added value? Should we launch a POC?

- 10+ providers identified
- First round of analysis and demos, based on high-level needs

- Demos were sufficient
- Outcome: mature fields, with few differences between providers
- No preliminary testing needed

Abandoned

On hold

STOP OR GO

Quick Win

CPC

- Launch of a project
- RFP
- Implementation (on-going)

IDEATION & SOURCING

QUALIFICATION

TESTING

EXAMPLE #2: AD-HOC PROCESS AUTOMATION

- ESM "unique" process
- Daily process with manual intervention
- Opportunity for automation

- Low-code solution
- Internal developments

- POC with low-code solution
- Outcome led to learnings on the platform, and use for other use cases

Abandoned

On hold

STOP OR GO

Quick Win

Internal development

CPC

IDEATION & SOURCING

QUALIFICATION

TESTING

esm
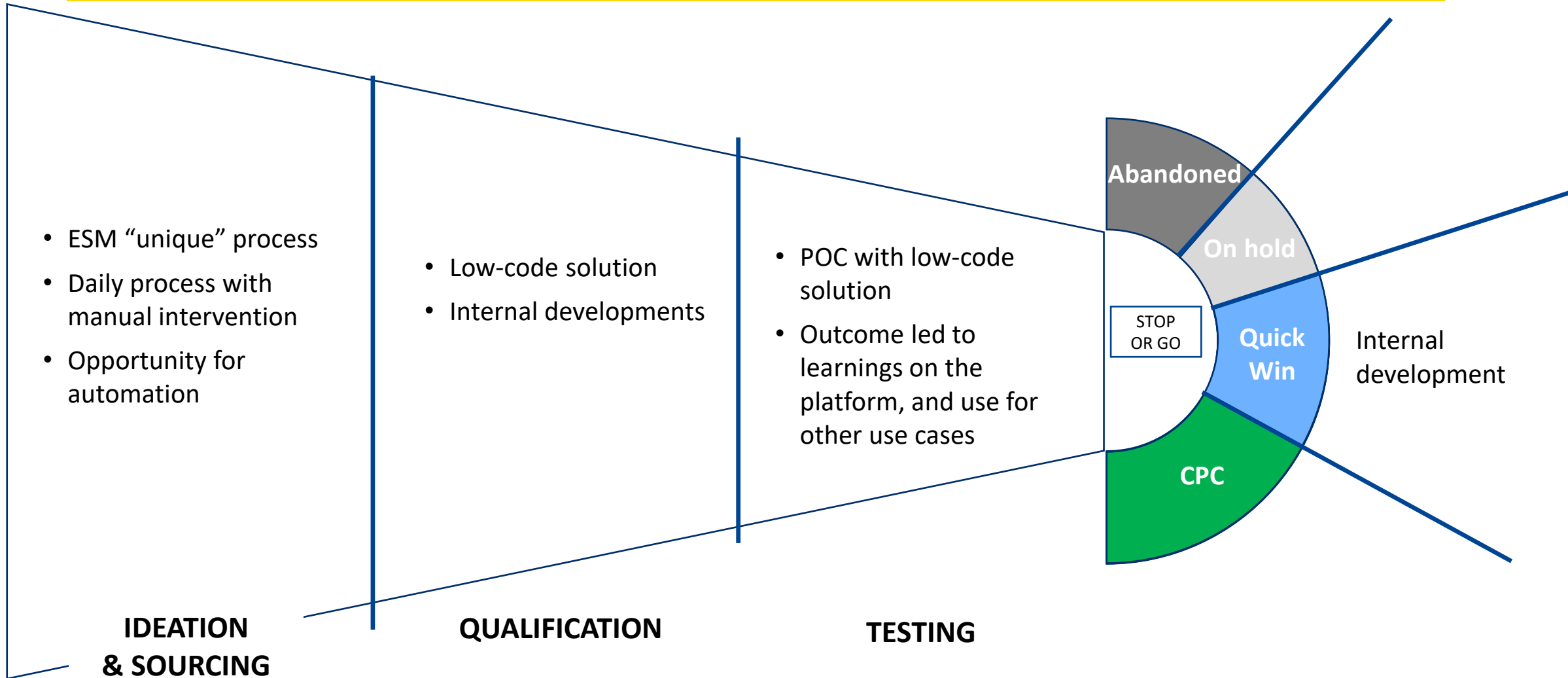
QUESTIONS TO THE AUDIENCE

QUESTIONS TO THE AUDIENCE

- How complex is it to reconcile BAU and project work?

- How do you manage resource allocation conflicts?

- How are projects selected in your organization?

- How do you integrate innovation in your day to day?

- What are the major challenges you face when dealing with change?

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