

May 2021

Program Risk Control:

“Avoiding the Transformation
Derailment”

AEGIS Advisory Partners, LLC
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The statistics are startling – 70%+ of transformation programs fail (according to research published by McKinsey, Forrester, and other market watchers: see Exhibit 1). The basic question is why, why do so many programs fail to achieve their stated objectives and deliver the benefits expected? One common thread is the lack of (executive) leadership attention and the direct experience and execution know-how of the designated program leads.

Exhibit 1 A High % of Transformation Programs Fail



The experience deficiency can be addressed through the targeted use of seasoned advisors. However, do not fall into the mindset that using your traditional advisors in a project management office (PMO) structure will close this gap. They will not.

PMO’s are intended to monitor and manage project execution. Advisors in these roles are very good at these responsibilities. The leadership and direct execution know-how is a program risk control attribute that is outside of the PMO responsibility and typical skill-set. Leveraging resources that have the broad experience and understanding of complex transformation programs can provide the checks and balances to mitigate execution failure. This is targeted advisory work and not a daily project management activity.

Improvement programs are not meeting expectations

Transformation programs are complex initiatives that can touch every aspect of an organization’s Operating Model. These initiatives must be governed with appropriate care to yield the desired benefits. A clear trait of successful programs is they anticipate



the risks, issues, and challenges before they occur and keep the train “on the tracks” to ensure a successful modernization journey.

Too often, as described in Exhibit 1, transformation programs undershoot their goals and objectives. They end up taking much longer than planned, usually at a higher level of cost.

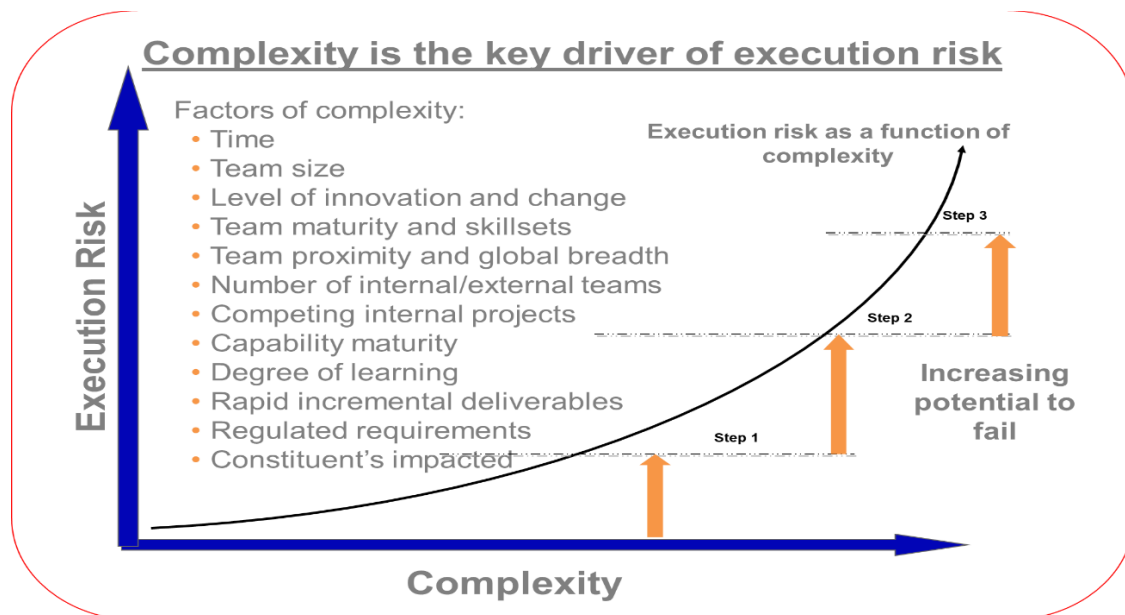
Two key failure points are 1.) mismanaged expectations and 2.) decision-making inability.

- 1.) Mismanaged expectations come about when program leadership does not invest the time to understand feedback and maintain communication across the organization. Most program leaders will reach out for input however, the failure occurs when the interpretation of expectations is not confirmed, nor ongoing progress communicated.
- 2.) The inability to reach decisions results from the need to analyze the program goals, objectives, and execution plans from multiple angles – challenging and re-challenging the hypothesis. This “analysis paralysis” is a signal for a direct lack of trust and cause for management concern.

Complex programs challenge even experienced organizations

As transformation program complexity increases, execution risk rises (see Exhibit 2). Strengthening Program Risk Control (PRC) through experiential guidance will mitigate execution challenges and increase program success likelihood. PRC is a critical element for “keeping the train on the tracks.”

Exhibit 2 Complexity is the Key Driver of Execution Risk



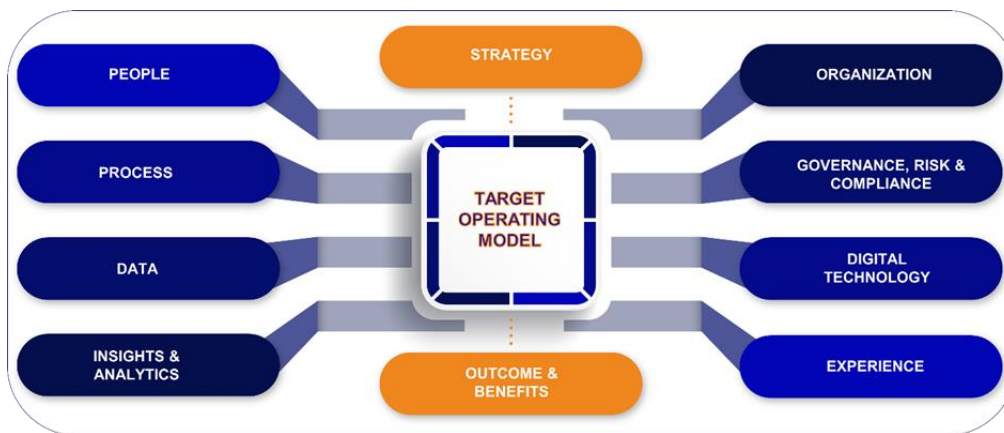
“Transformation program success must be guided by a clear strategy and operate symbiotically across multiple levels to be successful. At a minimum - governance,



leadership and execution must be in sync and calibrated regularly” says Don Rogers, Managing Partner, AEGIS Advisory Partners, LLC (AEGIS).

Leveraging the Target Operating Model framework (see Exhibit 3 below and our publication entitled: “Target Operating Model: The Foundational Framework”) helps organizations understand the breadth of the improvement challenge. It can be used to identify team skills or knowledge shortcomings. Additionally, it can highlight the alignment gaps across programs. The alignment gaps between in-flight projects are an execution area that is often overlooked. Too often unintended conflicts arise when cross program dependencies or knock-on impacts are not recognized.

Exhibit 3 Target Operating Model Framework



Another concern is that the senior executives that have the topical / execution knowledge do not have the available time to guide these complex programs. That leaves a gap in knowledge, expertise, and experience in the delivery of the program. This is where we see the use of Program Risk Control services come into play. The PRC service is used to augment and advise their transformation program leadership team, filling that critical experience need.

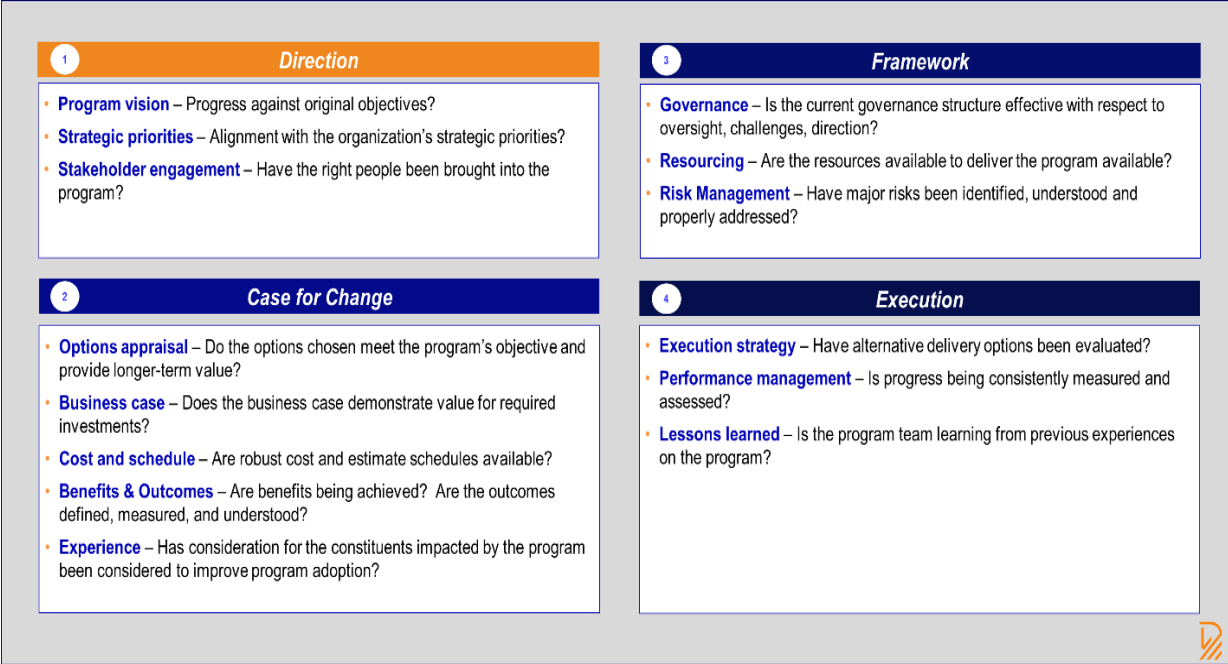
Program Risk Control enables program success

As noted, it is important to distinguish between a Program Management Office (PMO) and a Program Risk Control (PRC) Advisor. The PMO manages the individual program on a day-to-day basis. The PRC Advisor (or Advisory Board), comprised of senior level resource(s) advising the program senior executive(s), focuses on the complexities and risks associated with your transformation program.

Using a structured PRC method (see Exhibit 4) can identify issues & implement mitigation strategies proactively. This significantly improves transformation success rates.



Exhibit 4 AEGIS Program Risk Control (PRC) Method



When should you deploy PRC?

PRC can be engaged throughout the modernization journey, from the incubation / planning phase through implementation and sustaining a successful transformation. The PRC resource(s) can be deployed before a major event, or after an issue has derailed the program to assist with getting it back on track.

What will the PRC Team do?

At each step in the journey, the PRC advisors will work closely with program leadership on critical topics. This can include, but is not limited to, reviewing documents, preparing supporting material, advising on leading practices & risk mitigation strategies, working with your vendors supporting the program on your behalf, and participating in key meetings.

How many resources are required for a PRC Team?

A PRC Team can be made up of a single senior advisor, or small group of senior resources. They work with the client’s Program Leadership to assess program risk and identify solutions BEFORE they can derail your program.

Who are the PRC Resources?

PRC resources must be senior level, transformation experienced individuals that have seen the breadth of program challenges across all the Target Operating Model components. They need to provide practical advice with a focus on helping solve complex business challenges. They should emphasize what will work for a client’s

particular situation, know the pitfalls that endanger these projects, and possess the deep functional know-how to mitigate these risks.

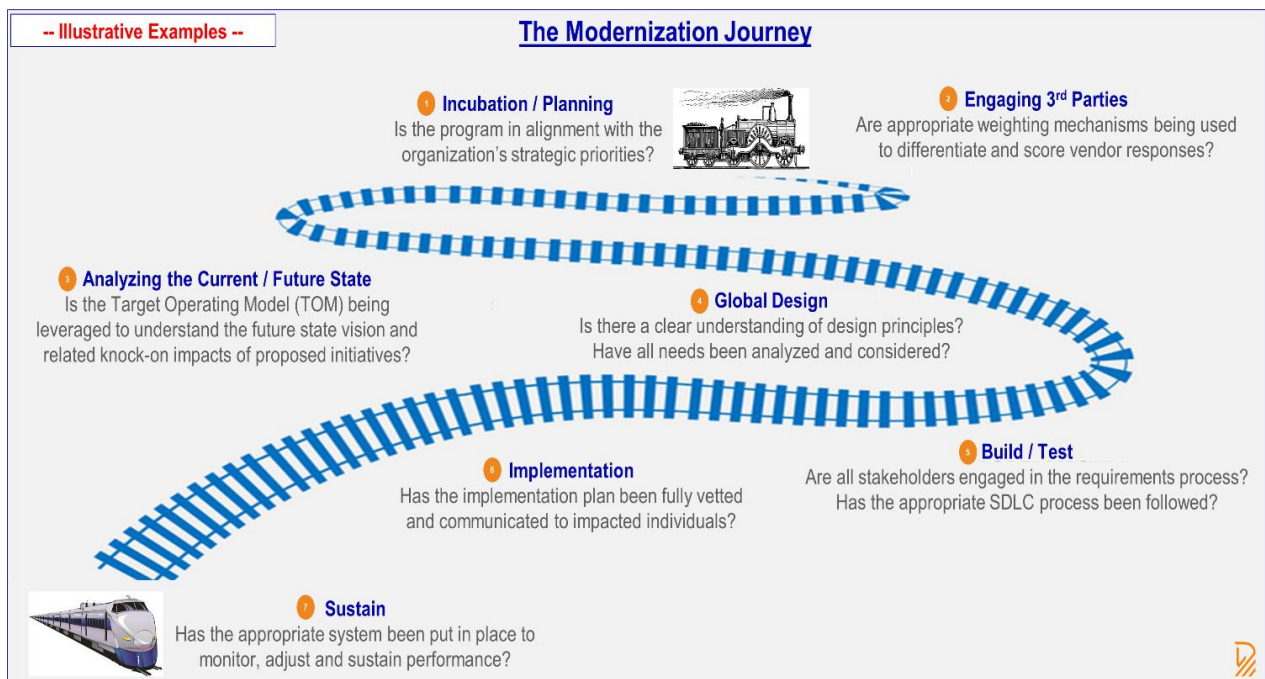
Guardrails for the Modernization Journey

The PRC approach should leverage the Target Operating Model (TOM) framework (see Exhibit 3). Using the TOM framework, the PRC advisor will identify program risks holistically and by component.

They should know the right questions to ask in each phase of the modernization journey and propose practical solutions that will work for your organization (see Exhibit 5).

“Our efforts are geared to early call-out of project pitfalls, identification of key risks with mitigating actions, and helping companies solve complex program challenges” says Greg Derderian, Managing Partner at AEGIS.

Exhibit 5 The Modernization Journey (illustrative)



Conclusion

Senior level project executives do not have the time available to assess project risks, formulate solution alternatives / strategies, and engage in the frequent detailed conversations necessary to resolve the challenges associated with modernization programs – while still having to perform their day jobs.

In order to avoid the “Transformation Derailment,” organizations should invest in a Program Risk Control advisory partner that can act as a shield against the risks associated with these modernization journeys. A partner that can identify and call-out project pitfalls, highlight key risks with mitigating actions, and help companies solve



complex program challenges will significantly improve your ability to deliver a successful transformation program that meets the expectations laid out at the beginning of the modernization journey.

About the authors

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Greg Derderian is a recognized leader in the areas of finance, risk & compliance. He has thirty-five years of experience as both an industry practitioner, strategy, and management consultant, and thought leader. Greg has directed complex change improvement programs across multiple industry verticals through the design, construction, and deployment of the underlying processes, data, information, tools, and technology.

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Don Rogers is recognized in the strategy and management consulting industry as an innovative thinker with broad based expertise in executable strategy, target operating model development, finance transformation, organizational change, operations improvement, and cost optimization. Don is a seasoned business leader with over twenty-five years of experience in implementable strategy and management consulting. He has worked with upper middle market through large global organizations, across multiple industries.

Experience Centric | Practical Solutions

These Strategy & Management Consulting industry veterans co-founded AEGIS Advisory Partners, LLC in January 2021. AEGIS embodies large firm excellence, while delivering the undivided attention, care, and individual client service necessary for transformation program success.

Visit our website at www.aap-us.com to learn more.

