

Excerpt from

Gartner Business Quarterly

Proven Guidance for C-Suite Action



Map Your Way to Leaner Big-Bet Proposals

by Meaghan Kelly

When executives try to evaluate the cost of unfamiliar initiatives that push the outer limits of their experience, they enter the Tower of Babel. People speak, but they don't understand one another. As a result, business leaders approve projects and then inadvertently underfund them. In fact, only 28% of strategy leaders agree that these proposals are adequately resourced throughout their life cycles.¹ To make better decisions about how to design and fund them upfront, executives need to speak the same language. That way, they'll understand the plan's financial needs from the outset.

As a competitive necessity, companies are taking on more transformational ventures. Even before the pandemic, in 2019, 86% of strategy leaders were actively pursuing business model overhauls,² and the pressure to do so continues after the upheaval of 2020. Unfortunately, when a proposal is new to the business, the traditional tools used to evaluate cost considerations are ineffective at spotting potential overruns or inefficient design. As these projects emerge, stakeholders request

additional information to explain them, but lengthy business cases littered with unfamiliar metrics confuse more than they illuminate.

While strategy and finance may take the lead in evaluating new initiatives, the outcomes affect the company's bottom line and are therefore an issue in which all business leaders have a stake. So for cross-functional and transformational projects, executives shouldn't rely on conventional methods, such as business cases, to assess them.

1 Excerpt from Gartner Business Quarterly 2Q21

Instead, try a picture; it can be worth 1,000 words. One pharmaceutical company developed a way to give everyone involved an image of how a proposal would work and a review process corresponding to that visual. Its two-step analysis dissects the proposal through a lens everyone can understand: desired outcomes. The company examines how it will help the company meet its goals, whether that's by making a profit, breaking into a new market or learning a new technology. Stakeholders could thus identify faulty assumptions about resource requirements before they became a problem, helping them design leaner, more efficient products and services.

Use Visuals to Reveal a Design's True Cost

To drive more thoughtful cost identification, the pharmaceutical company asks initiative sponsors to map out their planned designs, tying resources, capabilities, assets and internal processes to how the proposal will help meet organizational goals (see Figure 1).

This exercise comprises three steps:

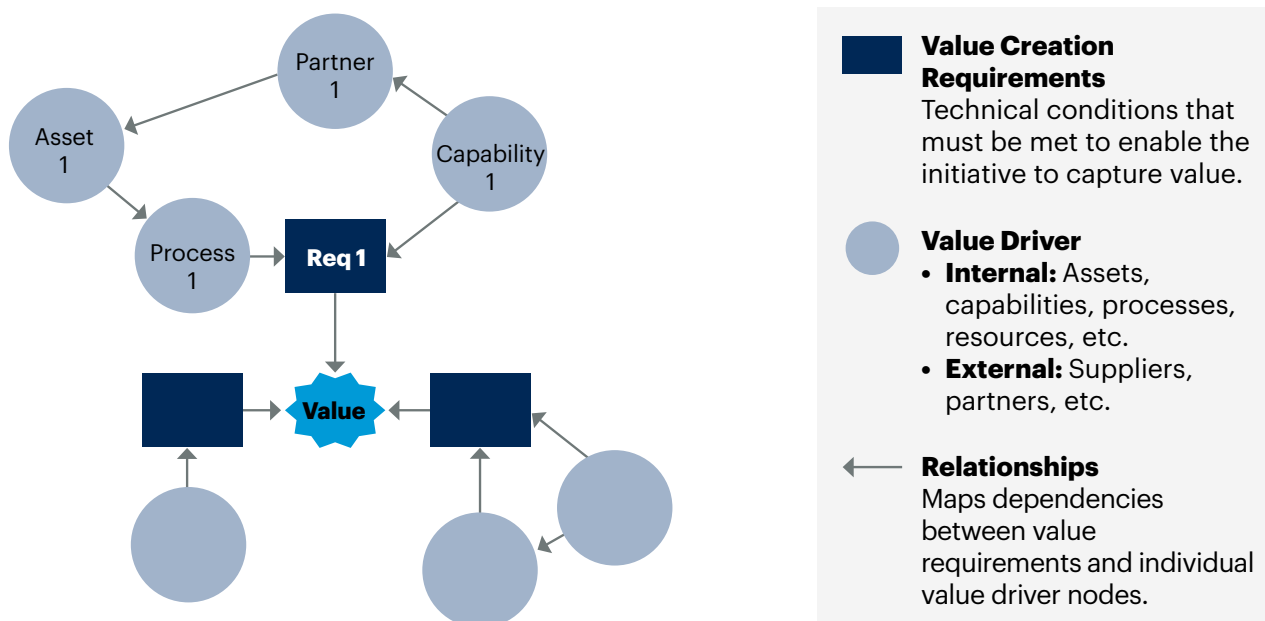
1. Starting in the center of the map, sponsors explicitly state the value they intend to create. Moving outward, they described the critical requirements they need to succeed.
2. Then, sponsors plot the resources they plan to use. Internal resource examples include assets, capabilities, processes and teams. External resources might include suppliers and partners.

3. To complete the map, sponsors note how individual resources relate to one another. For instance, a certain capability depends on an inexpensive price point from a particular supplier.

To understand how this process would work with an actual product, consider a healthcare executive interested in producing implanted automated medicine pumps that treat chronic diseases, such as diabetes. At the center of the map, the value would be addressing the needs of the patient population in a profitable way. This desired outcome is likely to be similar across healthcare services and products and is part of what creates a common language for the stakeholders to discuss it. What differs in each map is how the sponsor plans to attain this goal.

For the pump to address patient needs, critical requirements could include an effective, affordable digital operation platform. To meet that requirement, the sponsor would map out the series of processes, capabilities and partnerships needed to create the platform. This might include a partnership with a web app firm and capability to produce next-generation sensors that automatically trigger insulin infusion.

Figure 1. Initiative Value Map



Source: Adapted From ReadyAlly*

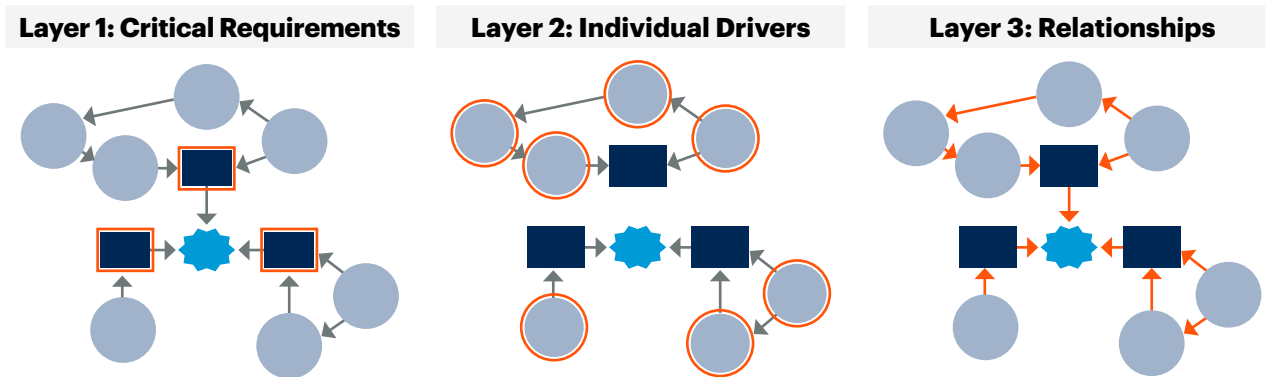
* Pseudonym

Test the Cost Assumptions With Three Levels of Review

To keep the analysis thorough and systematic while moving quickly, a cross-functional board comprising strategy, finance, subject matter experts, operations and the project sponsor examines each part of the map separately (see

Figure 2). Asking questions about the requirements as they relate to goals creates a common vocabulary (see Figure 3). Because stakeholders collectively home in on value, they can apply their experience, even in a new terrain, to identify and pressure-test the most granular assumptions about what is truly needed and why.

Figure 2. Layers of Assumption Testing



Source: Adapted From ReadyAlly*
* Pseudonym

Figure 3. Sample Questions From the Cross-Functional Board

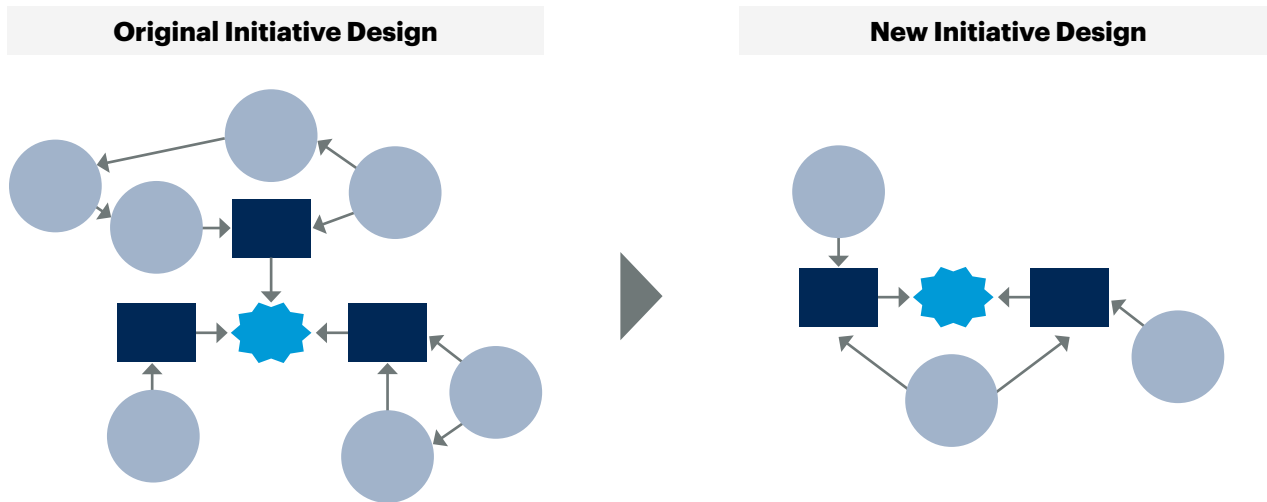
Layer of Review	Example Questions
<p>Value Creation Requirements — To test the necessity of requirements</p>	<ul style="list-style-type: none"> • Why is this required to create value? • What evidence do we have to suggest these are essential? • Are any other requirements more important?
<p>Individual Value Drivers — To understand the contributions of individual resources</p>	<ul style="list-style-type: none"> • What is this resource’s primary contribution? • Is it critical to the initiative? Why? • How could we achieve the value requirement if we cannot access this resource? • What would we lose if we cut this resource or replaced it with a cheaper alternative?
<p>Relationships Among Value Drivers — To evaluate critical connections between resources and requirements</p>	<ul style="list-style-type: none"> • How and why are these resources linked? • How critical is this link for success? • What are the risks of overreliance on Supplier A? • Does Partner B have sufficient access to internal information to fulfill its contract? • Do partners have an avenue to ask questions?

Source: Adapted From ReadyAlly*
* Pseudonym

Equipped with an in-depth understanding of how the plan should contribute to company objectives, the review board can then determine the validity and financial cost implications of the assumptions behind it. Early identification of unnecessary costs or inefficiencies allows the proposal's backer to seek and track preventative remedies, ultimately resulting in a leaner design.

With an implanted automated medicine pump, for example, stakeholders may realize during the review process that not all the value requirements were indeed required. Instead of creating a new mobile app to explain how to operate the pump and its maintenance needs, reviewers might identify less expensive ways to communicate this information. Such insights change the design (see Figure 4).

Figure 4. Leaner Initiative Design



Source: Adapted From ReadyAlly*

* Pseudonym

¹ 2020 Gartner Strategy Long-Term Resourcing Survey

² 2018 Gartner Strategy Digital Disrupter Model Survey

Learn More

Visit [our website](#).
Follow us on [LinkedIn](#).
Become a client.

Gartner Business Quarterly is exclusively for clients logged into [gartner.com](#). Others can access complimentary resources at [gartner.com/businessquarterly](#).

About Gartner Business Quarterly

Gartner Business Quarterly provides business executives with insights from best practices research and the real-world experience of practitioners. The journal's insights especially equip executives to tackle challenges that cut across the C-suite and affect multiple executive teams. Writers, contributors and data analysts are members of Gartner Research & Advisory (R&A) whose teams are led by Executive VP Mike Harris. The Gartner Business Quarterly publication is led by Editor-in-Chief Judy Pasternak with executive sponsorship by Group VP Scott Christofferson.

About Gartner

Gartner, Inc. is the world's leading research and advisory company and a member of the S&P 500. We equip business leaders with indispensable insights, advice and tools to achieve their mission-critical priorities today and build the successful organizations of tomorrow.

Our unmatched combination of expert-led, practitioner-sourced and data-driven research steers clients toward the right decisions on the issues that matter most. We are a trusted advisor and an objective resource for more than 14,000 enterprises in more than 100 countries — across all major functions, in every industry and enterprise size.

Gartner[®]