

Strategic Framework for Getting Standards Buy-In

A new approach

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Agenda

- ▶ Introduction/Objectives
- ▶ Common Observations
- ▶ Root issues
- ▶ Old problem, new approach
- ▶ A systematic framework
- ▶ Questions & Experiences

Introduction

- ▶ Standards adoption should be a no-brainer
- ▶ However, the industry as a whole we know is not there yet
- ▶ Many individual experiences in trying to get organizations to adopt industry standards

Common Observations

- ▶ Standards are being developed but not widely adopted
- ▶ Subsequently becoming irrelevant
- ▶ Many standards; competing standards
- ▶ Same old problem; worse than having no standard
- ▶ Vendors sitting on the fence; don't want to invest in something different
- ▶ No high perceived payback value
- ▶ Standards process too slow, development can't wait

Some Underlying Issues

- ▶ Different standards; why just ACORD
- ▶ How much adoption is out there
- ▶ Waiting game; why not let others clear the path
- ▶ Cost justification issue for membership and membership renewal

3 Objectives

▶ To provide:

- A strategic framework to approach the problem
- Basic axioms for evaluating success in getting buy-in and total commitment
- Reference points for translating strategies into tactics for execution

Getting buy-in to Standards

Let's take a fresh look and a new approach to this old problem

To win this Battle

→ *Borrow a chapter from the ancient Art of War*

What is the Art of War?

- ▶ Ancient military strategies written 500 years BC
- ▶ Widely quoted and practiced in modern day warfare
- ▶ Widely studied in North American Business School in recent times

Application of the Art of War in Business

- ▶ Not a collection of tactics
- ▶ Adopt an holistic approach to the Art of War strategies
- ▶ Forms the basis of our a strategic framework

The Framework

- ▶ The framework consists of :
- ▶ Pre-War assessment
 - Fitting the situation into a bigger picture
- ▶ Gathering of information of the environment and the opponents
- ▶ Selection of tactics

Strategic Pre-War Situation Assessment

- ▶ Outcome of the war depends greatly on the pre-war assessment
 - A long drawn out battle or a skirmish → how do we define success?
 - Who is the opponent? what is the fight about ?
 - What are the elements that dictates success or failure?
 - Principle of due diligence --> all the scenarios

Strategic Pre-War Assessment

- ▶ Assessing the landscape – the strategic positions for success
- ▶ Assessing the season – climate conducive for success; the underlying trends

Applying to Standards Buy-In

Traditionally, the struggle is due to:

- ▶ Standards adoption usually has a connection to cost
 - standards as something which would help avoid duplicate costs
 - Adoption of standards is expected to lead to hard dollars saving
- ▶ Uphill battle; on the defensive

Need a different approach

→ Take the Art of War approach

Ia. Assessing the landscape

- Strategic positions

3 key parameters (translated to the business context):

▶ Legitimacy

- Standard is the only WAY that makes any sense
- Standard is NOT just about a means to an end

▶ Resources

- The obvious
- Benefits of standards as well as the associated costs
- Cost saving in using standards

▶ Rapport

- More subtle
- The relationship aspect

Leveraging the Legitimacy of Standards

- ▶ What is good for industry is good for company – theme of the message (as a minimum)
- ▶ Serve as common vocabulary for collaboration with partners in the value chain, e.g. the increased fragmentation of value chain in the insurance industry
- ▶ Serve as standards for resolving internal conflict as a result of different formats

→ **Message about risks**

→ **Message only to the Senior Management**

Issue of Rapport

- ▶ Participate in Standards development as a vehicle to:
 - Enhance position & influence in the community; lead as deemed necessary
 - Stay close to what is happening as a member of the group
 - Position for strategic collaboration and alliance
 - Join to play

→ **Message to externally facing organizations in the company & Senior Management**

Issue of Resources

- ▶ The usual benefit of streamlining: need to quantify
- ▶ Establish cost saving numbers – short and long term
- ▶ Include other benefits, like training, data model for internal use
- ▶ Don't focus a return on the value of membership and renewal within a given time

→ Message to operationally focused organizations in the company

Ib. Assessing the season

- ▶ Season of resources constraint, e.g. budget constraint:
 - Look at cost in the long run
- ▶ Season of increased competition
- ▶ Season of increased Customer expectation of technology – e.g. STP
- ▶ Season of decentralization of functions
 - Segmentation of the value chain
 - Outsourcing
 - Lack of common vocabulary much needed
- ▶ Internal politics
 - Internal benefits of using standards

Assessing the season

- ▶ A timing issue
- ▶ Art of War principle to remember:
 - Go in prepared and always win because the opponent is 'weak'
 - Never go in to get a 'no' answer
- ▶ Interplay: Change in seasons precede the change in landscape
- ▶ If timing is not right, then
 - Do more homework
 - Plant the seed and come back
 - Identify what makes them tick

II. Gathering of information (about the opponents)

- ▶ Where does Management stand?
- ▶ What about the business?
- ▶ What are their hot buttons?
- ▶ Beliefs that can be leveraged

III. Selection of Tactics

- ▶ Three pillars to base the selections of tactics on:
 - Treat it as a long drawn out process (not a single battle)
 - Three fronts to attack - 3 different management levels (different emphasis depending on the seasons)
 - Elements of surprise during engagement

Marching forward towards Execution

- ▶ Action plan related to leveraging the legitimacy of standards (external & internal) → legitimacy issue
- ▶ Action plan related to the articulation of the adoption of standards and value of membership → resource issue
- ▶ Action plan for extending the adoption of standards into a broader company vision of industry leadership and building alliances → rapport issue

Tactics for engagement

- Legitimacy

- ▶ Must drive from the top
 - Get the Business involved
 - Get to CIO
- ▶ Concepts:
 - Do it once (for different insurance lines) if possible --> ACORD
 - Built for long term
 - In line of new technology trends, e.g XML
 - The big business picture, e.g. value chain fragmentation, etc.

Tactics for engagement - Rapport

- ▶ Get to Business Senior Management
- ▶ Get to CIO
- ▶ Concepts:
 - Standards as a common language for external collaboration with trading partners
 - Benefit of enhanced industry position & influence
 - Benefit of participation and being there as things happen

Tactics for engagement

- Resources

- ▶ Leverage for internal use
- ▶ Information models
- ▶ Training & tool
- ▶ Establish a cost benefit model
 - funded by different organization units
 - as a long term investment
 - staffing implications

During the Engagement

- ▶ ART OF WAR principle : use the element of surprise to win during engagement
- ▶ Come with something management has not heard before, e.g. a success story, a new benefits
- ▶ Something different, something unexpected in order to leave a mark

The PPfA success story



Characteristics

▶ Before:

- all the initial symptoms/issues re standards adoption

▶ Now:

- widely adopted (22 companies; growing by the day)
- it is the standard no question
- Position the industry to new paradigms
- vendors driving them
- vendors collaborating
- new business opportunity for many
- One of the fastest implementation in ACORD's history
- win/win/win

Recapping the War

▶ Legitimacy:

- ACORD as a standard body
- Stipulated in vendors contracts

▶ Rapport

- Leadership roles in building consensus
- back room maneuvering leading to critical mass quickly

▶ Resources

- Quantifiable numbers in place in many organizations to show cost benefit

Lincoln's Example

- ▶ No single meeting to promote adoption of standards
- ▶ Legitimacy firmly set
- ▶ Management impressed with the PPfA accomplishment
- ▶ Don't want to be left out despite internal constraints

Concluding remarks

- ▶ Try not to be on the defensive
- ▶ Don't just treat it as a resource issue
- ▶ Use a holistic approach, then it can happen again
- ▶ Approach more from the legitimacy and rapport angle
- ▶ Having all three and the season is right → 'WIN'
- ▶ Have a war plan for a long drawn out war on all 3 fronts, don't rest everything on one battle

Questions

