

SANDERMOEN

B u s i n e s s S y s t e m TM



SANDERMOEN
BUSINESS MANAGEMENT AG

*You don't have to be bad to get better!
Even Olympic medallists have to improve continually
to keep ahead of the competition*

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B u s i n e s s S y s t e m TM

7-STEP BUSINESS TRANSFORMATION SYSTEM

Successful Business Development, Implement with Control

STEP 1. DIAGNOSTICS

STEP 2. PROBLEM SOLVING ACTION TEAMS™

STEP 3. DEVELOPMENT TOP ACTION COUNCIL™

STEP 4. STRATEGIC DIRECTION

STEP 5. STRUCTURAL ALIGNMENT

STEP 6. INFORMATION SYSTEM

STEP 7. MOTIVATION





We believe in action rather than reports. We believe you - the client - have the answers but sometimes lack the systems and tools.

Our approach is to provide our clients a “managerial stage” where you can discuss and search for answers in a constructive way. We believe in a learning climate. This means that we will help you to establish bottom-up involvement of employees and to establish certain rules that will help everyone to be more productive inside the organization.

Our **Sandermoen Business System™** is based on participative and collaborative management. This means that representatives from the client organization have to be directly involved in the development

work. Despite this participative style, we believe in teams with formal authority and power so that the results of your teamwork will become implemented rather than archived.

We have tools to make sure that the teams will collaborate in a constructive way to find optimal solutions to problems, challenges and opportunities.

The teams will be designed according to the formal structure but also according to what kind of challenge needs to be addressed.

We call these teams **Action Teams™**.

There will be a top-level team with the CEO and the top management of the client organization involved, next there will be “cascaded” teams that will address challenges at different levels of the organization.

We call this **Top Action Council™**.

ABOUT US

OUR VALUES ARE INTEGRITY, CAPABILITY AND JOY

INTEGRITY means that we will never do anything we are not qualified to do. We are focused on your interests. This also means that we are never afraid to tell our clients what we believe is the truth, even if it may be unpleasant for them.

CAPABILITY means that we have both the resources, the skill, the system and the experience to help you to become more successful.

JOY means that we want it to be a fun and a pleasant experience to work with us, even when the issues we face together are difficult.

The typical first step of our Sandermoen Business System™ is to make a Diagnostics assessment of the business/organization. This is to find out the present situation and what the real problems are.



DIAGNOSTICS

ASSESSMENT OF THE CURRENT STATE

STEP 1

WHY CHOOSE DIAGNOSTIC ASSESSMENT?

Some managers would say that we already know our problems. This in our experience only partly true (at best!)

We have performed hundreds of Diagnostic workshops and each time senior managers say the same: we did not know about this!

First and foremost, it is only when you are collectively given a system and encouraged to talk openly about what is going on that you understand that what appears to be a problem may very well only be e.g. a symptom of something more serious or a deeper problem.

Or, to understand that some of our problems are normal, some are abnormal and some are pathological and potentially life threatening to the organization. And, not least to get a system for how to solve your problems in a constructive and consequent way.

The diagnosis is done through an intensive workshop that takes 2 to 3 consecutive days, depending on the size and the depth of your organization.

All members of senior management of the organization have to be present (everyone reporting directly to the CEO) plus other significant representatives of the organization.

“Significant” means people with power, influence and knowledge who can represent the collective knowledge and be the best advocates of the necessary change.

RESULTS OF STEP 1

- ◆ Find out what kind of problems you have
- ◆ Obtain a conceptual understanding of how to deal with your problems
- ◆ Build trust and respect and improve internal communication
- ◆ Understand where you are on the lifecycle
- ◆ Energy and understanding about what to do
- ◆ Input for a Plan of Action; WHAT to do, HOW to do, WHO to do it, WHEN to do it

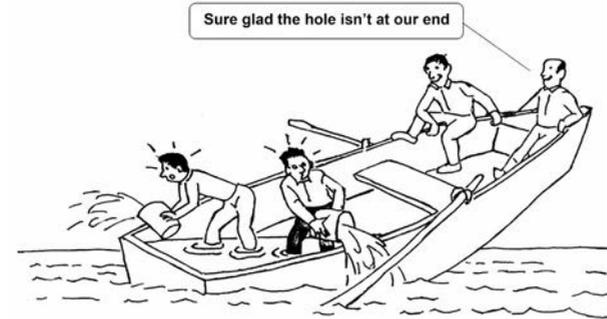
You don't have to be bad, to get better! Even Olympic medallists have to improve continually to keep ahead of the competition. To diagnose your company simply means to look closer at what is going on.

A diagnosis of your company is very much the same a medical doctor does when you have a health check: the doctor looks at your blood pressure, takes a blood sample, check your pulse, ask about your food intake, whether your stomach is regular (input and output check!), how you are sleeping, are you under stress, etc. This is to catch any signals of whether anything needs to be specifically addressed.

WHERE CAN YOU IMPROVE? WHAT KIND OF PROBLEMS DO YOU HAVE? HOW ARE THEY CONNECTED? IS THERE A PATTERN IN THE WAY THEY APPEAR? ARE ANY OF THE COMPANY'S PROBLEMS ABNORMAL OR PATHOLOGICAL? COULD THEY THREATEN THE COMPANY'S HEALTH AND EVEN LIFE? WHAT NEEDS TO BE DONE TO WORK ON YOUR CHALLENGES IN AN EFFECTIVE WAY?

The next steps and the sequence of what should be done depends on the outcome of the Diagnosis.

The secret of success consists of several factors. Directing the energy towards external tasks, teamwork and to understanding that “we are all in the same boat” are among the most important.



PROBLEM SOLVING

ACTION TEAMS™

STEP 2

RESULTS OF STEP 2

- ◆ **A short- and long-term plan for how to solve problems**
- ◆ **Clear priorities including resource allocation**
- ◆ **Training and qualification of internal resources (employees)**
- ◆ **Involvement and understanding from all levels of the organization**
- ◆ **Implementation of necessary improvements**

A Plan of Action is to improve our present situation. One significant output of the Diagnostics workshop is that we will help you to establish a Plan of Action for how to make the necessary improvements and changes.

After the workshop we will make a more detailed approach together that also includes defining tasks and establishing problem-solving teams called **Action Teams™** to address the different parts of the Plan of Action.

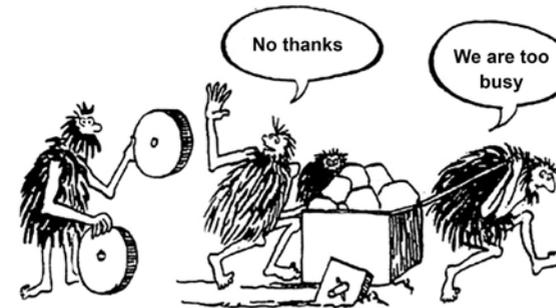
This step also includes training the teams to work in an integrated and collaborative way to achieve realistic and implementable solutions.

We will assist you in leading and organizing the teamwork as long as necessary but we will train internal resources in your organization and you will gradually take over the leading part yourselves.

After the first step a lot of energy will be released. Next we need to manage and lead this in the right direction.

This step will establish a Top Action Council™.

This is a permanent change and improvement system and structure. System means in this regard both a systematic approach to content, e.g. what to discuss, how to discuss and how to improve your decision making process as well as a structural approach (who needs to be involved and how to involve them, reinforcing formal authority).



DEVELOPMENT

SYSTEM FOR LEADING CHANGE
AND IMPROVEMENTS

TOP ACTION COUNCIL™

The existing managerial structure will be reinforced and streamlined in order to handle change and improvement faster and better.

We will help you to establish a reinforced senior management team with significant representatives from different levels of the organization who have to participate to make sure the team has the required power and influence to implement necessary changes and improvements.

We will typically meet once or twice per month with this team to assist you in conducting on-going problem solving work (step 2 above) and to define new tasks and priorities for necessary change and improvements.

Change is happening by itself. Change is simply time.
 An organization/business consists of several subsystems
 (e.g. departments, functions, IT-systems, rules, boards, etc.).

When there is change (whether changes in the market, technology, product development, growth, decline, social, political, legislation, etc.) the different subsystems of the business will be impacted in different ways.

That is why you continuously have to synchronize the different subsystems in your organization to be able to handle change.

The dinosaurs did not become extinct because they were unable to adapt; they simply did not adapt quickly enough to changes in their environment.

To master change means to understand what change is, and to obtain the instruments to make your business adaptable and synchronized to changes.

RESULTS OF STEP 3

- ◆ **Improved and systematic cooperation between senior management and the rest of the organization**
- ◆ **A clear direction and focus on what to change and improve**
- ◆ **A stronger commitment and reduced loss of internal energy due to disagreements and conflict**
- ◆ **Reinforced understanding of what to do and what not to do**

The **Top Action Council™** will prepare decisions for strategic planning, structural changes and operational improvements.

This will be a learning experience for everyone involved, with applicable and real problem-solving know-how.

Through this work we can promise you that general levels of mutual understanding, trust and respect will increase and internal disputes will simultaneously be curbed.

The first step in our system (the Diagnosis) was to define and agree to the present situation of the organization (the IS situation).

This step is to define a clear understanding of the WANT situation: Mission and Goals — the Strategic Direction.



STRATEGIC DIRECTION

We know of course that most businesses already have Mission, Goals and Strategies but it is our experience that these are not always up-to-date, clear, aligned, connected and enforced within the organization.

Strategic direction should also be aligned with several factors, such as: the capabilities we have (are we realistic about what we want), lifecycle stage (of our organization, our products, our markets), responsibilities (is it clear who is going to do what), priorities etc.

In this step we will assist the client in making a clear Strategic Direction based on external and internal factors that are imperative to consider (e.g. technological development, competitors, legislation, social- and political trends, economy, real internal values, internal capabilities etc.).

The output will NOT be “a slogan to hang on the wall” but a real tool to define structure, priorities and direction. It will be made operational and with defined goals and objectives for different subsystems of the business (Market, Services-/Products, Production, Financial etc.).

This step will be an important input for a more detailed strategic plan for the business.

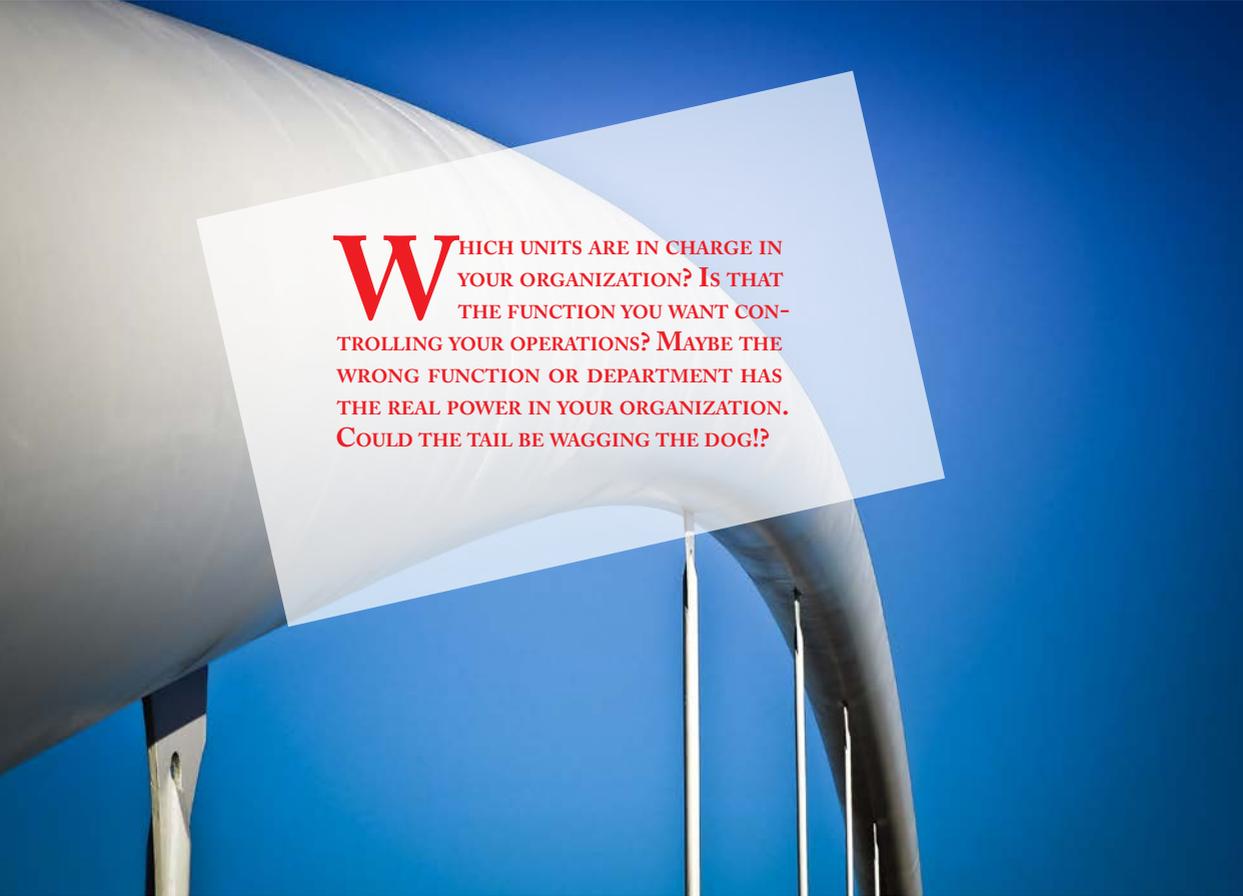
RESULTS OF STEP 4

- ◆ **Desire for real and necessary changes**
- ◆ **A clear and accepted Strategic Direction including goals and objectives**
- ◆ **Strong input and direction for a more detailed strategic plan**
- ◆ **An outline/input for how we should structure our organization in order to ensure that Strategic Direction, including Goals, will be achieved**

Most executives can sense when their organizations are not working well, but few know how to correct the situation, because creating a new organizational structure is one of the toughest — and most politically explosive — challenges that an executive faces.



STRUCTURAL ALIGNMENT



WHICH UNITS ARE IN CHARGE IN YOUR ORGANIZATION? IS THAT THE FUNCTION YOU WANT CONTROLLING YOUR OPERATIONS? MAYBE THE WRONG FUNCTION OR DEPARTMENT HAS THE REAL POWER IN YOUR ORGANIZATION. COULD THE TAIL BE WAGGING THE DOG!?

Organizational structures rarely result from systematic, deliberate planning. Rather, they evolve over time, shaped more by politics than by policies. The resulting structures are a source of constant frustration to senior executives.

Strategic initiatives stall or go astray because responsibilities are fragmented or unclear. Internal conflicts torpedo collaboration and knowledge sharing. Promising opportunities die for lack of managerial attention. Complex structures, such as matrix organizations, collapse because of internal disintegration and power-fights

In this step we will assist our clients in making a structural design that match and align the organizational structure

with the Strategic Direction. You will get a structural vehicle to make your business effective and efficient and thereby successful.

You will get a structure with clear tasks and responsibilities that will provide your managers with the necessary “muscles” to perform and without any “grey areas” of responsibility.

Authority will be clear and aligned with tasks and responsibilities. After this your organizational structure will be both flexible and controllable, enabling the organization to handle change and growth with necessary control. And, above all, it will be based on your deliberate and conscious decisions.

DO YOU HAVE ENOUGH CONTROL? DO YOU HAVE ENOUGH FLEXIBILITY TO MAKE CHANGES? DO YOUR MANAGERS KNOW EXACTLY WHAT THEIR RESPONSIBILITIES AND TASKS ARE? DO THEY HAVE ENOUGH AUTHORITY TO DO THEIR JOB, OR ARE THEY “DELEGATING” THE DECISIONS UPWARD?

An organization should be structured differently when it is young and growing than it should be at later stages of the business development.

What units are in charge in your organization? Is that the function you want controlling your operations? Maybe the wrong function or department has the real power in your organization. Could the tail be wagging the dog!?

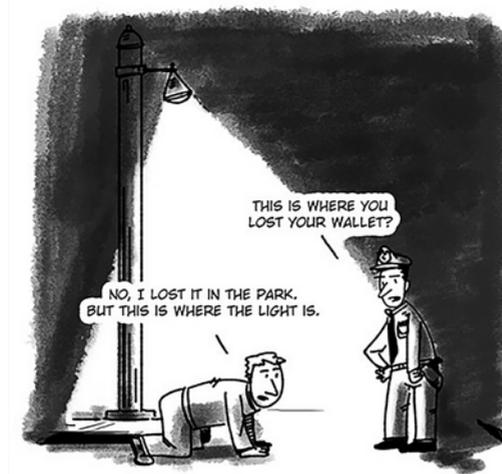
What about the employees in the company, do they have the necessary clarity in what is expected from them?

RESULTS OF STEP 5

- ◆ **Alignment between Strategic Direction/ Goals/Organizational structure**
- ◆ **Clarity of tasks and responsibilities**
- ◆ **Alignment between Tasks/ Responsibilities/Authority**
- ◆ **Highly improved ability to implement changes and improvement**
- ◆ **Highly improved ability to conduct business with both flexibility and necessary control**

A typical managerial challenge is to obtain good, reliable and timely information about what is going on in the company. It is very tough to be held accountable for a financial result without having the necessary and effective information tools.

In this step we assist our clients in establishing a functional managerial information system that is aligned with the structure to reinforce accountability and clarify contribution and profitability.



INFORMATION SYSTEMS



In many organizations there even exist parallel and informal information systems because the formal ones are insufficient. Maybe even the wrong indicators are measured and reported.

A typical situation is that we measure the input and/or the output, but have very little managerial information and understanding about the throughput; what is going on inside the different processes in the organization. The business becomes a “black box”.

What is really adding value what is the real cost of different units, what are the real revenue from various business parts, how we should allocate resources correctly etc. are often based on subjective opinions rather than rational and correct information.



IF YOU WANT TO MAKE SURE YOU
ARE ON THE RIGHT COURSE,
DON'T EXPECT — INSPECT!

RESULTS OF STEP 6

- ◆ **Alignment between Organizational structure and Accountability**
- ◆ **Clear and correct tracking of revenue, cost and profitability**
- ◆ **Improved and conscious allocation and sharing of resources in the organization**
- ◆ **Improved connections between sender and receivers of critical internal information**
- ◆ **Improved tracking and understanding of the different business units (and levels) contribution to our result**

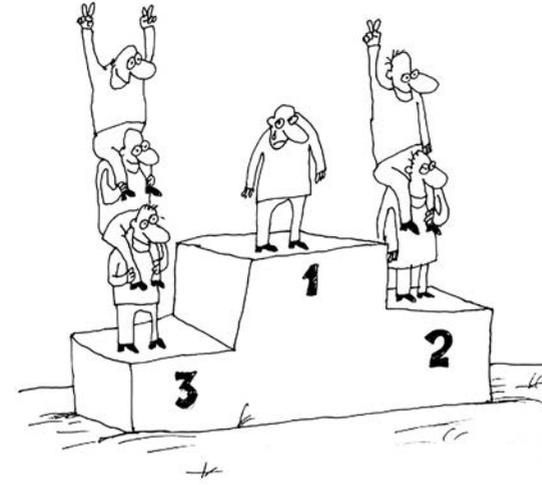
The purpose of defining accountability is to clarify what is expected from management and to minimize any uncertainty and lack of clarity.

Implementation of performance tools will always be met with resistance by the organization. The managers will need to articulate and convince their staff that the use of these tools is not just another control device, but instead a tool which decreases ambiguity and subjectivity while increasing predictability.

Instead of a situation where both the manager and the subordinate walk into a performance review not knowing what is going to be reviewed, the review parameters are set up front.

A result of the completion of step 6 is an improved accountability fit and clarity of responsibility in the organization, and thereby increased managerial effectiveness and reach.

If you tell people to achieve new goals and even give them the tools to do so, but you motivate and reward them as if it still the old goals that matters, guess which goals they will try to achieve.



MOTIVATION

STEP 1

To make sure that the established improvement and change process will become a continuous system, we assist our clients in creating durable processes and deep involvement.

We will train internal resources in how to run the 7-step process as an annual program. Our external intervention will become less required and the client will have an effective and efficient vehicle for improvement and adaptation to changes.

Above all, we will assist you in establishing healthy Reinforcement and Motivation systems (e.g. salary, bonuses, success-sharing) that reflects contribution and responsibility as well as securing focus on the Mission and Goals.

RESULTS OF STEP 7

- ◆ **A continuous engine and structure for keeping a good momentum and maintaining what is successful**
- ◆ **An annual check up**
- ◆ **An overview of the reward-system (e.g. salary, bonuses, profit-sharing)**
- ◆ **Training of internal resources in how to run this improvement and change “vehicle”**

WOULD YOU LIKE TO KNOW MORE? PLEASE GET IN TOUCH

So you'd like to know more? Please get in touch. We will be happy to work with you to explore how we may assist you. We have solid experience and a successful track record in Business Development.

Sandermoen Business System™ is not an additional managerial system “on top” of what you are already doing. It is a management system that provides you the tools to become more effective and efficient in what you should do in any situation.

The duration of the full 7-step system depends on several factors like e.g. the size of the organization, and your existing commitment and challenges. However a typical process will take approximately one year. Our direct involvement decreases over time since we enable our clients to handle our system themselves.



KJETIL SANDERMOEN

International management and business transformation expert and creator of the **Sandermoen Business System™**,
Switzerland, Zug.

CONTACT US

MAIN ADDRESS:
RATHAUSSTRASSE 7,
CH-6340 BAAR, SWITZERLAND
TELEPHONE: +41 76 377 62 11
EMAIL: POST@SANDERMOEN.COM

WE ARE LOCATED IN

Zug | Basel | Copenhagen | Moscow | Reykjavik | Stockholm | Oslo

Sandermoen Business System™

STEP 1. DIAGNOSTICS

You don't have to be bad in order to get better. Even Olympic medallists try to improve.

STEP 2. PROBLEM SOLVING: Action Teams™

Teamwork is the key to success, but make sure your teams have the necessary authority, knowledge and mandate to solve the task you give them.

STEP 3. DEVELOPMENT: Top Action Council™

To lead from top-down is never enough, you need a bottom-up structure as well.

STEP 4. STRATEGIC DIRECTION

The receivers of your Mission and Strategic Direction are internal. The purpose is

to give direction and internal understanding to all your employees. The Mission statement is NOT a marketing tool.

STEP 5. STRUCTURAL ALIGNMENT

Structure matters. Processes, functions and behavior are directly impacted by the structure.

STEP 6. INFORMATION SYSTEM

Do you know what is going on in your business? Do you get the right information and in time so you can manage with precision?

STEP 7. MOTIVATION

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www.sandermoen.com