

Lepus
Management Consulting

SIMPLICITY IN BUSINESS

COMPANY PORTRAIT – DIRECTOR'S CUT

ZURICH, 13 SEPTEMBER 2021

«The opposite of the simple is not the complex but the ambiguous.»

André Comte-Sponville

AGENDA

- PRINCIPLES
- AREAS OF EXPERTISE
- SIMPLICITY APPROACH
- BACKGROUND OF OUR METHODOLOGY
- ALTERNATIVE COMMERCIAL MODEL FOR OUR CLIENTS

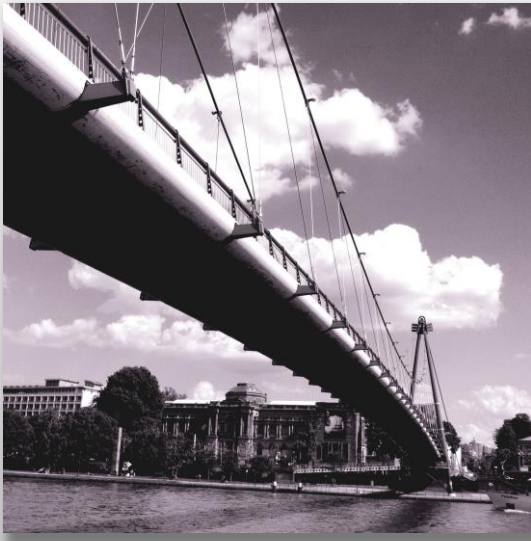
PRINCIPLES

OUR MISSION: «SIMPLICITY IN BUSINESS»

- We encourage **simplicity within organizations**, their interaction with customers & partners and within information management.
- We help grown organizations to **focus on a meaningful entrepreneurial path** and to **consciously transform** from “legacy” to “new” ways of working.
- By this, together we create **room for innovations**.

OUR PRIORITIES: HOW WE WORK

LET'S BUILD BRIDGES ...



- **Open and fair.** In our personal interactions – in particular when facing different backgrounds and opinions
- **Trusting and responsible.** Projects are partnerships with our clients – not just a job
- **Brave and creative.** We are looking for and creating new paths. And mistakes happen along the way. We favor «quick recovery» over «zero tolerance»
- **Mindful and humble.** Here and Now. This is the source of energy for our work and high-quality results. Client success is in the limelight, not us
- **Collaborative and with humor.** With independent, sovereign voices who enjoy working together

PRINCIPLES: TEAM

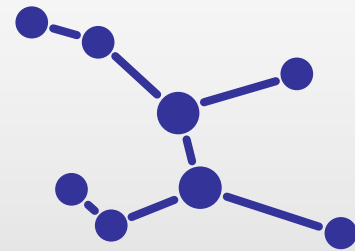
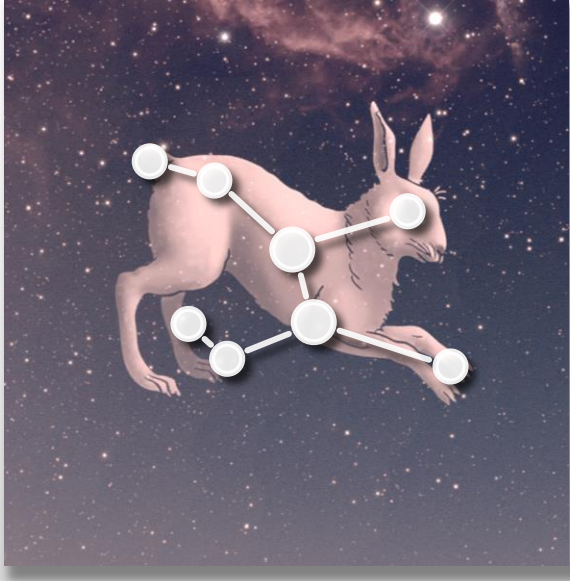
OUR VISION

We are a network and the professional home for **venturous consultants and entrepreneurs** of all generations with inner **humanistic values**, who **enjoy**

- **trusting collaboration**,
- **tricky intellectual and interpersonal challenges** and
- **delivering the right results – of highest quality – for our clients.**



LEPUS - OUR COMPANY NAME



Lepus
Management Consulting

Lepus (/ˈlɛpəs/) is a constellation of 8 stars visible in the night sky just south of Orion. Its name is Latin for “hare”.

Over many centuries stars have served as a simple and reliable means of orientation.

In this spirit we chose Lepus as our company name, representing reliable navigation with the speed and agility of the hare.

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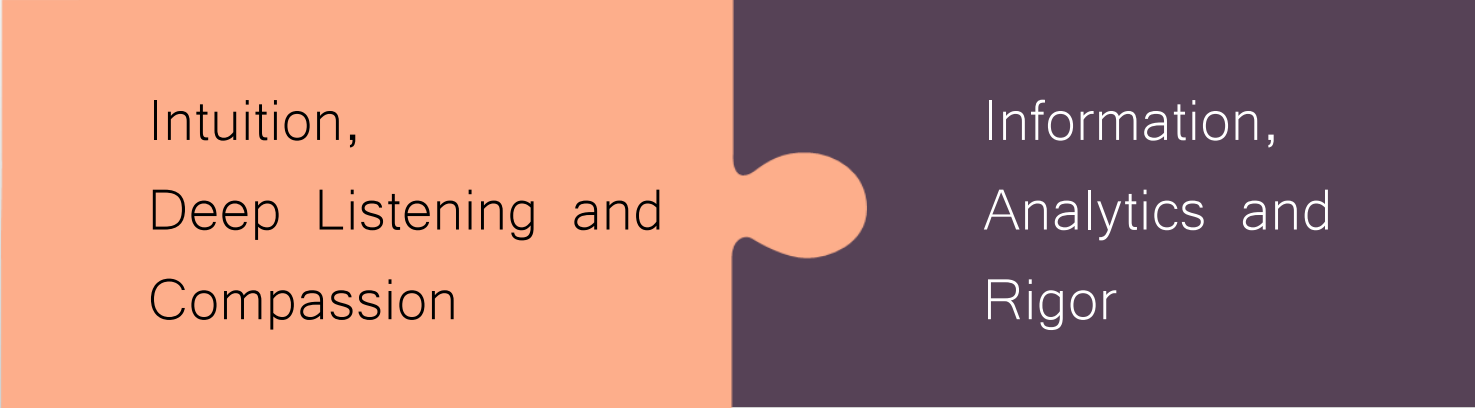
CUSTOMER VALUE

WHEN SHOULD YOU HAVE US IN MIND?

- When facing **tricky questions** with wide-ranging impact, that need a fresh view and which should lead to **clear strategic decisions** for the organization and the teams
- When previous **strategic decisions** are still perceived as **«vague»** and in need of being **clearly specified** in order to deliver value for the business
- When there are promising **new digital technologies**, but their specific application and **value** is not yet sufficiently clear
- When the **communication of technical and complex topics** between (top-)management and **operational teams** needs to be improved
- When **specifying and implementing change** requires **«Fingerspitzengefühl»**: i.e. conscious and deliberate stakeholder interactions

AREAS OF EXPERTISE

HOW WE WORK – BALANCE OF MIND & BRAIN



Intuition,
Deep Listening and
Compassion

Information,
Analytics and
Rigor

Human-centered design,
creativity
and individual advisory

«Mind»

Analytical thinking,
proven methodologies,
and logical precision

«Brain»



«It is by logic that we prove,
but by intuition that we discover.»

Henri Poincaré (1854–1912)

AREAS OF EXPERTISE

CONSULTING TOPICS



AREAS OF EXPERTISE

CONSULTING TOPICS

Simplicity	End-to-end optimization of complexity drivers towards value creation and organizational development
Strategy & Decisions	Business model innovation, strategic options and decisions, hybrid portfolio management
People	Cultural transformation, change management & coaching
ICT Value	Innovation & business value from information and communication technology (ICT)
Analytics	Quantitative modelling and business analysis (financial and operational)
Sourcing	Make-versus-buy decisions & smart partnering

AREAS OF EXPERTISE

CONSULTING TOPICS AND COMPETENCIES (1/2)

Simplicity

Definition and end-to-end implementation of programs and projects to reduce unnecessary complexity – from service and product offerings, operating models to operational processes and IT. Active «catalyst» to identify, quantify and implement optimization measures towards simplicity within business

Strategy & Decisions

Strategic decision support for managers, supervisory boards and investors. Business model innovation. Structured development and evaluation of scenarios and concrete options to create value. Real options, business case modelling and independent facilitation of management group decisions. Convincing top management and supervisory board documents and communication. Hybrid portfolio management (“Lepus Matrix”). Program management

People

Design and execution of change processes to enable purposeful, sustainable organizations. Individual coaching, e.g. for CIOs, COOs and their management teams. E.g. during reorganizations and post-merger implementation programs. Encouraging entrepreneurship and intrapreneurship as a catalyst towards change

AREAS OF EXPERTISE

CONSULTING TOPICS AND COMPETENCIES (2 / 2)

ICT Value Repositioning and growth programs for ICT players, market units and internal service providers e.g. based on cloud services, quantum computing & security, optimized service offerings and operating models. Conceptual design and implementation of «industrial» steering models for internal ICT units and external provider. IT strategy, technology radar, roadmaps and innovation programs

Analytics Rigorous analyses for far-reaching management decisions e.g. technology investments, innovation / product development, turnaround programs, buyouts and new ventures. Qualitative and quantitative modelling of market scenarios, sensitivity analysis, Monte Carlo simulations, real options calculations, business cases, management scorecards and risk modelling

Sourcing Specification and implementation of make-versus-buy decisions for high-tech and ICT, shared services and support functions. Evaluation of partnering models, short-listing / screening and due diligence. Transformation support as an independent trusted advisor and project manager

AREAS OF EXPERTISE

STAGES OF CHANGE AND OUR SUPPORT

1 Distilling Case for Change	2 Setting Direction	3 Defining Measures	4 Delivering Projects	5 Ensuring Sustainability
<ul style="list-style-type: none">– Business model and management principles review– Market and customer analysis, financial analysis and quality reviews– Management interviews and expert workshops– Reflection on work methods and culture– Case for change synthesis	<ul style="list-style-type: none">– Evaluation of alternative scenarios / options– Business model innovation and visioning (e.g. value chain, operating model)– Strategic business case– Portfolio of potential measures (“menu card”) and prioritization	<ul style="list-style-type: none">– Business cases and financial modelling– Target designs (governance, make-or-buy, organization und sizing, partnering, processes, system architecture)– Setup of implementation projects	<ul style="list-style-type: none">– Program- und project management– Detailed designs (e.g. services, organization, capabilities, system landscape, processes)– Go-to-market push (sales support / «pitches» and coaching)– Change management	<ul style="list-style-type: none">– Development and optimization of steering models– «Second opinions» on updates– Project reviews– Coaching

AREAS OF EXPERTISE

BROAD SPECTRUM OF INDUSTRY EXPERTISE, USING GOOD PRACTICES ACROSS SECTORS

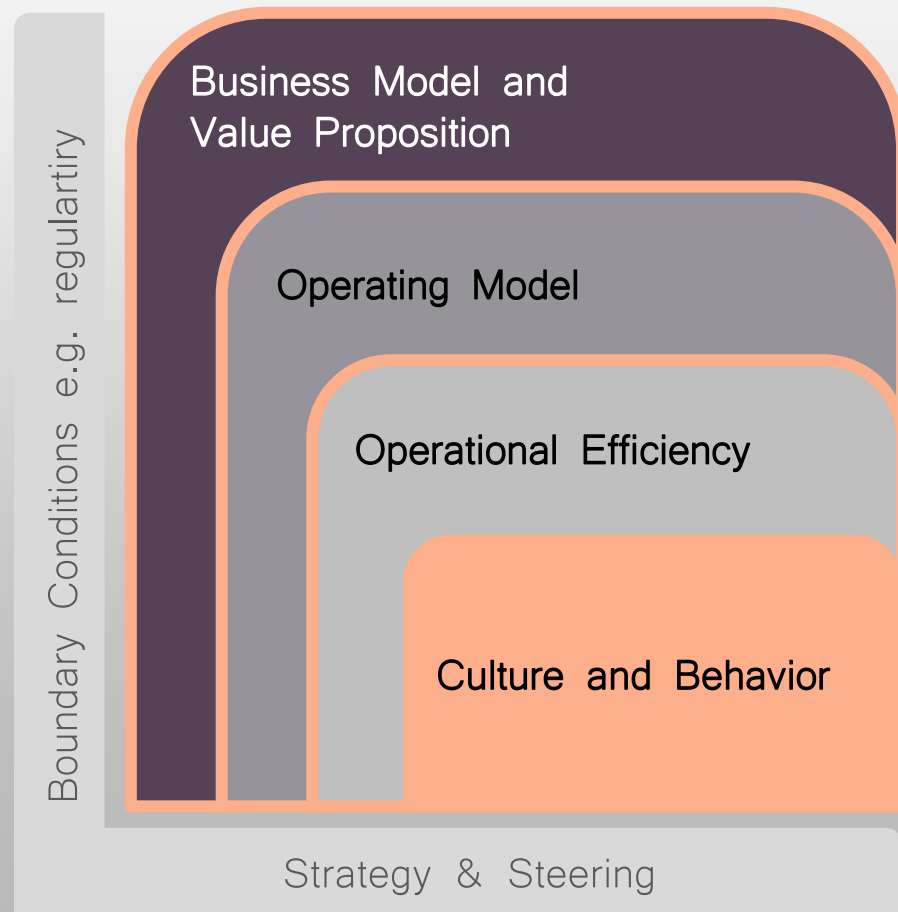
- IT Services
- Telecommunications
- Energy and Utilities
- Transport & Logistics
- Health and Pharma
- Consumer Goods
- Financial Services and Private Equity
- Automotive
- Industry Goods and Services
- Chemicals
- Public Sector

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SIMPLICITY APPROACH

OPTIMIZATION OF ROOT CAUSES – TO FOCUS ON ESSENTIALS



Examples from our project work

Product / service portfolio management, Business model innovation, simplified customer experience with products and services, focused customer segments and channels, simple pricing and fee structures

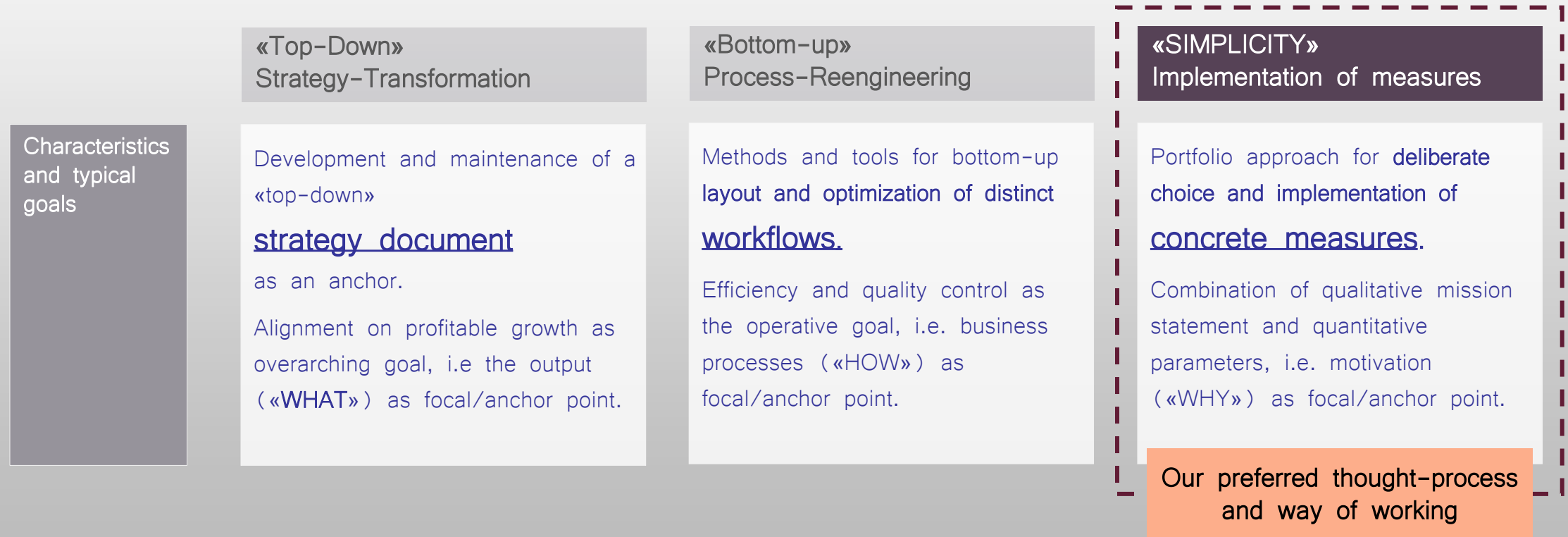
Structured process landscape and organizational model, agile methods, elimination of unnecessary ambiguities, simplified organizational interfaces, new disruptive technologies, make-or-buy optimization, site consolidation

Higher degrees of automation, optimized value-for-money and unit costs for in-house processes and via external partners, sustainable personnel models, optimized steering, reduced bureaucracy, project management

Simplicity as a guiding principle within the organization, focus on essentials for team and individual tasks, "meeting culture", interaction with customers, partners and mindful use of resources

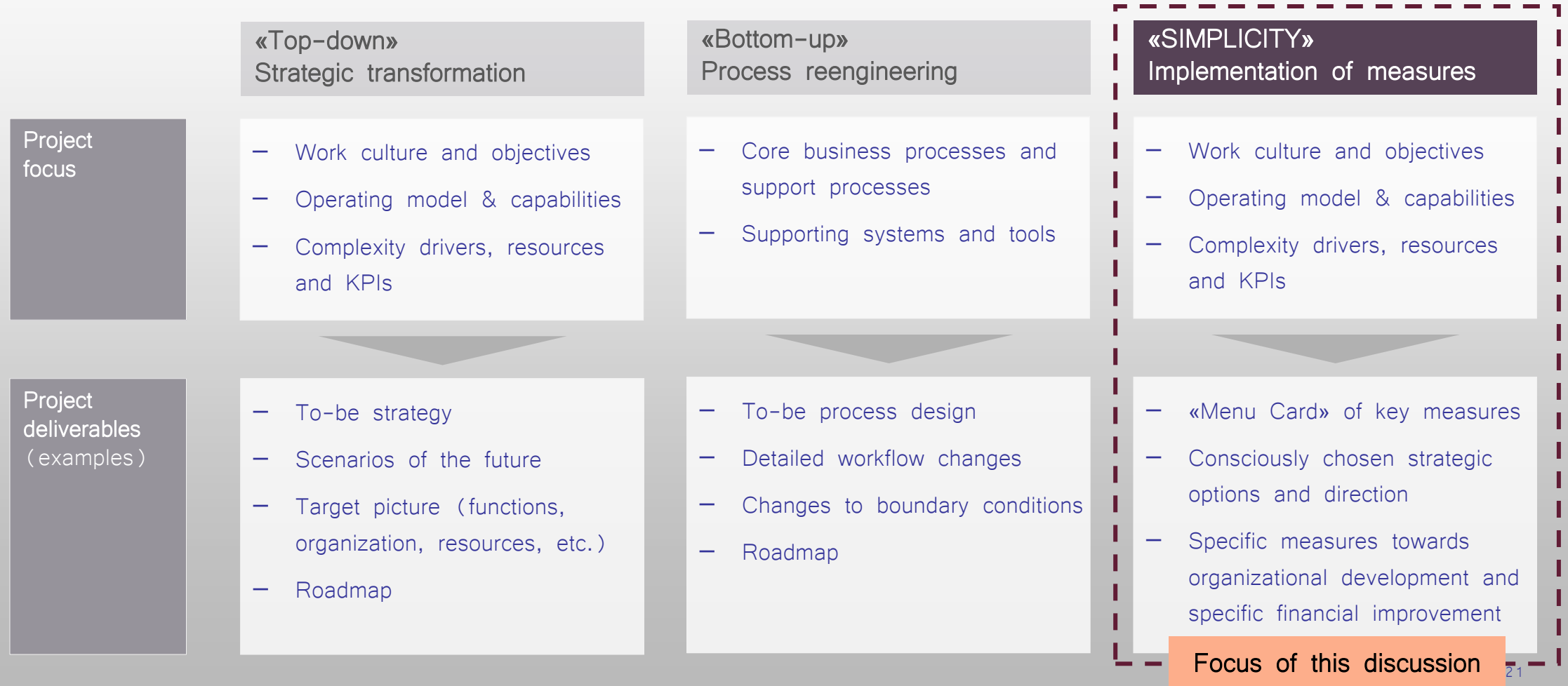
SIMPLICITY APPROACH

DIFFERENT APPROACHES TO ORGANIZATIONAL DEVELOPMENT – AND OUR PREFERRED MODEL



SIMPLICITY APPROACH - BACKUP

SIMPLICITY AS AN ALTERNATIVE APPROACH



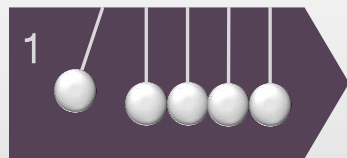
SIMPLICITY APPROACH - BACKUP

«SIMPLICITY» AS AN ALTERNATIVE OPTIMIZATION APPROACH

	«Top-down» Strategic transformation	«Bottom-up» Process reengineering	«SIMPLICITY» Implementation of measures
Typical as-is situation	<ul style="list-style-type: none"> - New business model or significant changes to it 	<ul style="list-style-type: none"> - Outdated business process execution; overly manual work 	<ul style="list-style-type: none"> - Historically grown “silos”, specific efficiency targets
Project focus	<ul style="list-style-type: none"> - Business strategy and overall targets (possibly “green field”) 	<ul style="list-style-type: none"> - Selected core and / or support processes 	<ul style="list-style-type: none"> - Focus on significant costs and most important complexity drivers
Deliverables	<ul style="list-style-type: none"> - Strategic direction, business model and high-level design 	<ul style="list-style-type: none"> - Redesign and (partial) automation of processes in scope 	<ul style="list-style-type: none"> - Purpose and set of specific optimization measures
Strategic vs. «hands-on»	<ul style="list-style-type: none"> - Strategic “top-down” 	<ul style="list-style-type: none"> - Methodology-focused, resulting in more «modern» processes - solutions often driven by software 	<ul style="list-style-type: none"> - Root causes and complexity drivers analyzed - with specific benefits; «hands-on» and constructive
Timeframe for results	<ul style="list-style-type: none"> - Multi-year strategy and rolling annual budgets 	<ul style="list-style-type: none"> - Ongoing process optimization 	<ul style="list-style-type: none"> - Long term vision and tangible short-term measures
Typical follow-up project	<ul style="list-style-type: none"> - More detailed target picture design (organization, processes etc.) 	<ul style="list-style-type: none"> - Software selection and implementation / integration 	<ul style="list-style-type: none"> - Innovation und growth initiatives using freed up resources
			<p>Focus of this discussion</p>

SIMPLICITY APPROACH

OUR APPROACH: FIVE TYPICAL STEPS



1 Distilling Case for Change

- Work culture as well as strengths and weaknesses reviewed
- Strategy and financial baseline analyzed
- Case for change and optimization levers identified:
“Start with Why”

Maturity Grade 1



2 Setting Direction

- «Menu card» of potential optimization measures defined
- Consistent alternative scenarios derived
- Priorities defined from a top management perspective

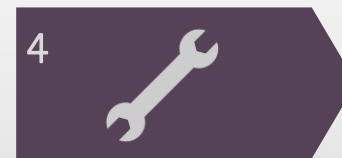
Maturity Grade 2



3 Defining Measures

- Business cases / quantitative models specified
- Target picture per optimization measure designed
- Transition roadmap defined

Maturity Grade 3



4 Delivering Projects

- «Quick wins» realized
- Program & agile project management operational and results delivered
- New business and growth areas kicked off
- Change management implemented

Maturity Grade 4



5 Ensuring Ongoing Benefits

- Management Scorecard established
- Promised benefits delivered
- Continuous improvement process defined and implemented

Maturity Grade 5

SIMPLICITY APPROACH

AGILE PROJECT DELIVERY

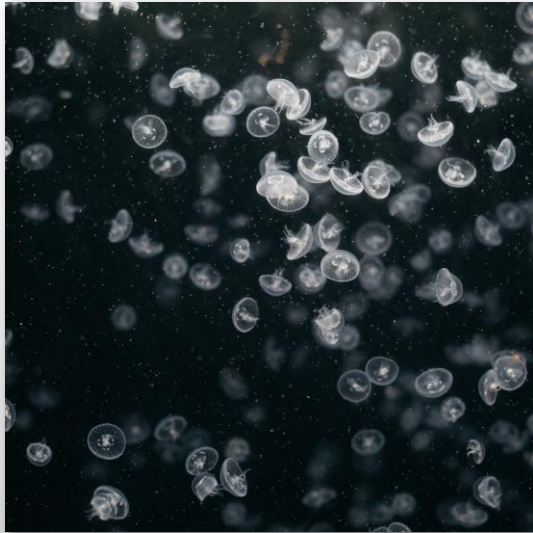
- We use **agile methodologies** adopted from SCRUM for the iterative specification and implementation of the individual Simplicity measures
- Simplicity projects are typically set up in the form of **autonomous and dynamic teams** per measure
 - with a joint overall steering and **clear milestones as decision gates**
- The defined **“maturity grades”** (1–5) per measure define the backbone of this iterative approach
- We pay specific attention to ensure **consistent communication on all levels** – from the shop floor to senior management
- This approach results in **consciously chosen and transparently implemented measures**, delivered through agile teams

SIMPLICITY APPROACH

VALUE-ADD FROM SIMPLICITY: «BEYOND COST CUTTING»



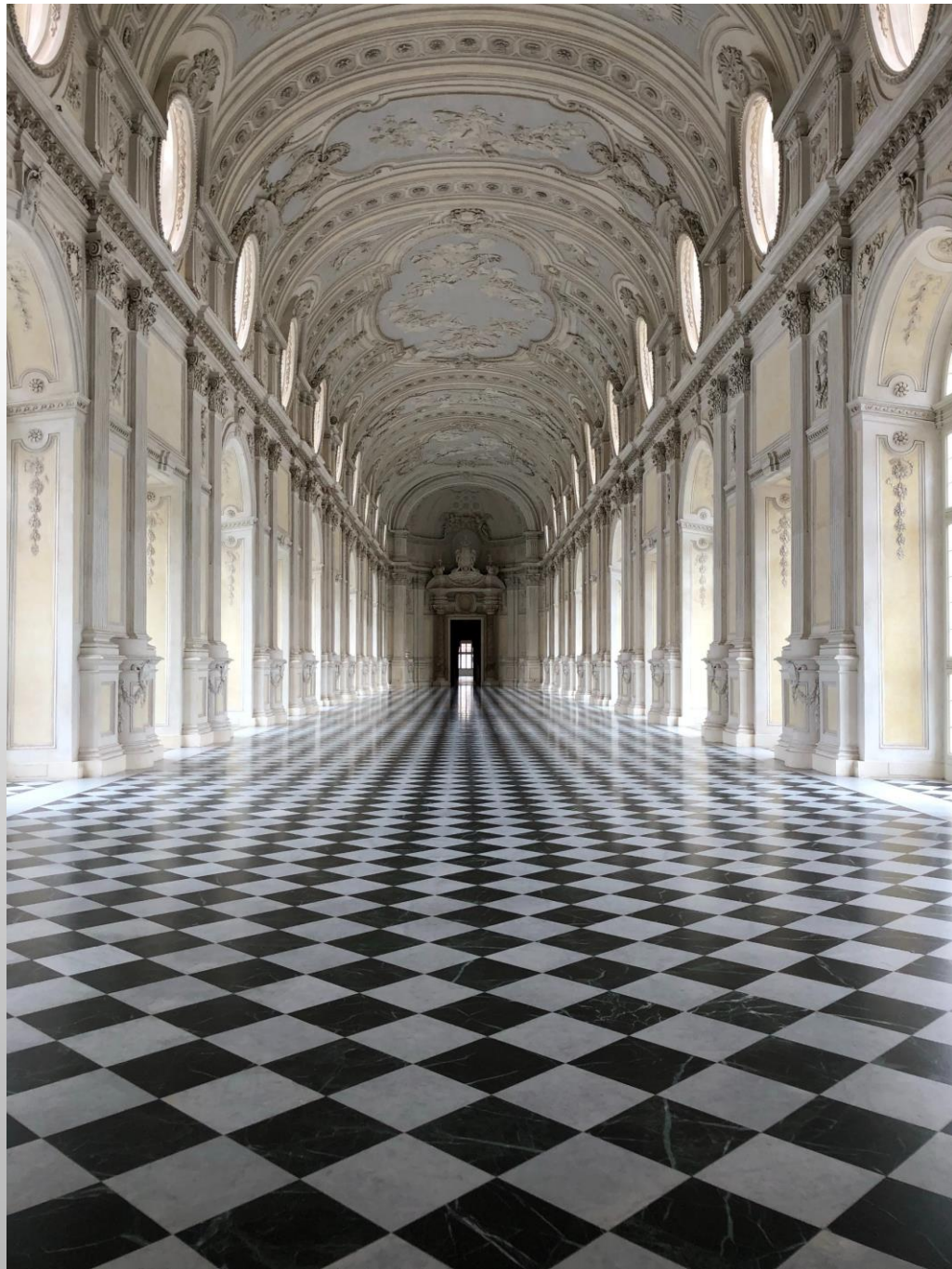
- Root causes of complexity within the organization are systematically identified in a joint team effort
- Interviews and team workshops are complemented by qualitative and quantitative analysis to define the most promising optimization levers
- We provide our proven simplicity methodology and – as needed – cost modelling tools
- Each optimization idea and measure is systematically tracked along its maturity grade through implementation (1-5)
- **We focus on defining and implementing measures**, with just the right amount of diagnosis



«Somewhat surprisingly,
nature not only requires disorder
but thrives on it.»

Alan Lightman (*Probable Impossibilities*, 2021)





DESIGN, EVOLUTION AND PORTFOLIOS

TWO COMPLEMENTARY CONCEPTS PLAYING KEY ROLES IN THE DIGITAL AGE: DESIGN AND EVOLUTION

Design

- Causality
- Laws
- Systems
- Pattern
- Predictability

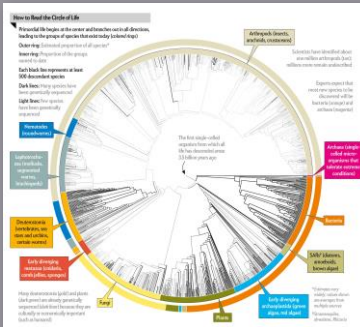
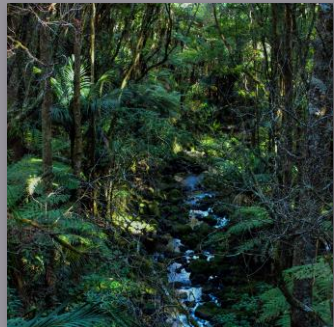


Design must satisfy certain goals and constraints.

Design requires a designer.

Evolution

- Spontaneity
- Novelty
- Randomness
- Diffusion
- Unpredictability



Within evolution, there is no drive towards a particular outcome.

Anything not dying out continues.

DESIGN, EVOLUTION AND PORTFOLIOS

THE PORTFOLIO OF SIMPLICITY INITIATIVES: TWO CONCEPTS, DESIGN AND EVOLUTION, JOINTLY AT WORK

Design

As a directed process with i.a. design principles and a notion of overall value

Cognition
+
Criticism



Evolution

As a natural, creative, “self-directed” and non-purposeful process

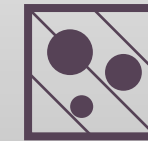
Replication
+
Variation & Selection



Purpose and strategy.

Directed resources, competencies, time.

PORTFOLIO
of initiatives,
products



Convergent
Evolution



Environment and boundary conditions.

Elementary resources, competencies, time.

DESIGN, EVOLUTION AND PORTFOLIOS

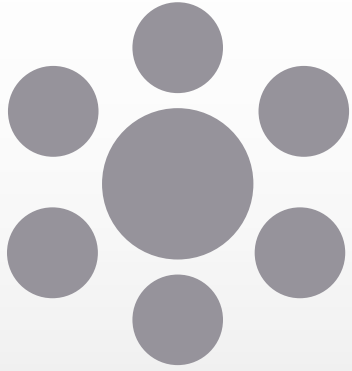
HANDLING A PORTFOLIO OF SIMPLICITY INITIATIVES IN THE DIGITAL AGE: SELECTED GOOD PRACTICES

- A successful¹⁾ portfolio of initiatives (or products) relies on two principles:
 - Steering towards deliberate, strategic choices to direct significant resources to promising ideas, initiatives or products.
 - Fostering a creative evolutionary process by supplying basic resources (competencies and financials) and ensuring boundary conditions.
- The evolving status of all initiatives is objectively monitored in a joint portfolio view²⁾.
- “Convergent evolution”³⁾ refers to valuable and sustainable results which are consistent with both, principles of design and evolution.

1) The notion of “success” may be defined differently in different various ways of working – not just limited to profitable growth.

2) Portfolio views may include qualitative criteria besides classical financial criteria (“hybrid” portfolio views).

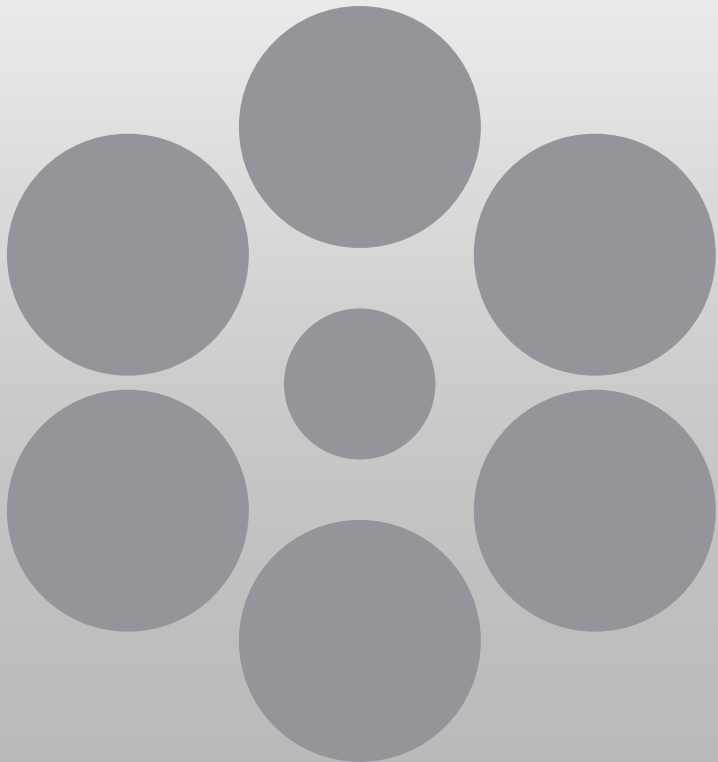
3) Adopted from evolution in nature. Independent evolution paths may lead to the same successful features within a given type of environment, e.g. camera eyes of animals and humans, streamlined shapes of fish, flight of birds and bats or C₄ photosynthesis.



Can a portfolio view be *completely objective*?

... and *should* it be in practice?

E.g. for the product portfolio of a company?



HYBRID PORTFOLIO MANAGEMENT

HYBRID PORTFOLIOS AS TOOLS – NOT AUTOMATED MACHINES

Hybrid portfolios are specifically defined tools and algorithms to **support decision making**.

“Hybrid” refers to a combination of

- **“Brain”**: purely objective criteria (often financial measures) and
- **“Mind”**: strategic criteria which include some **subjective judgement** of one or more individuals in a structured process (often via decision-making boards or customer surveys).

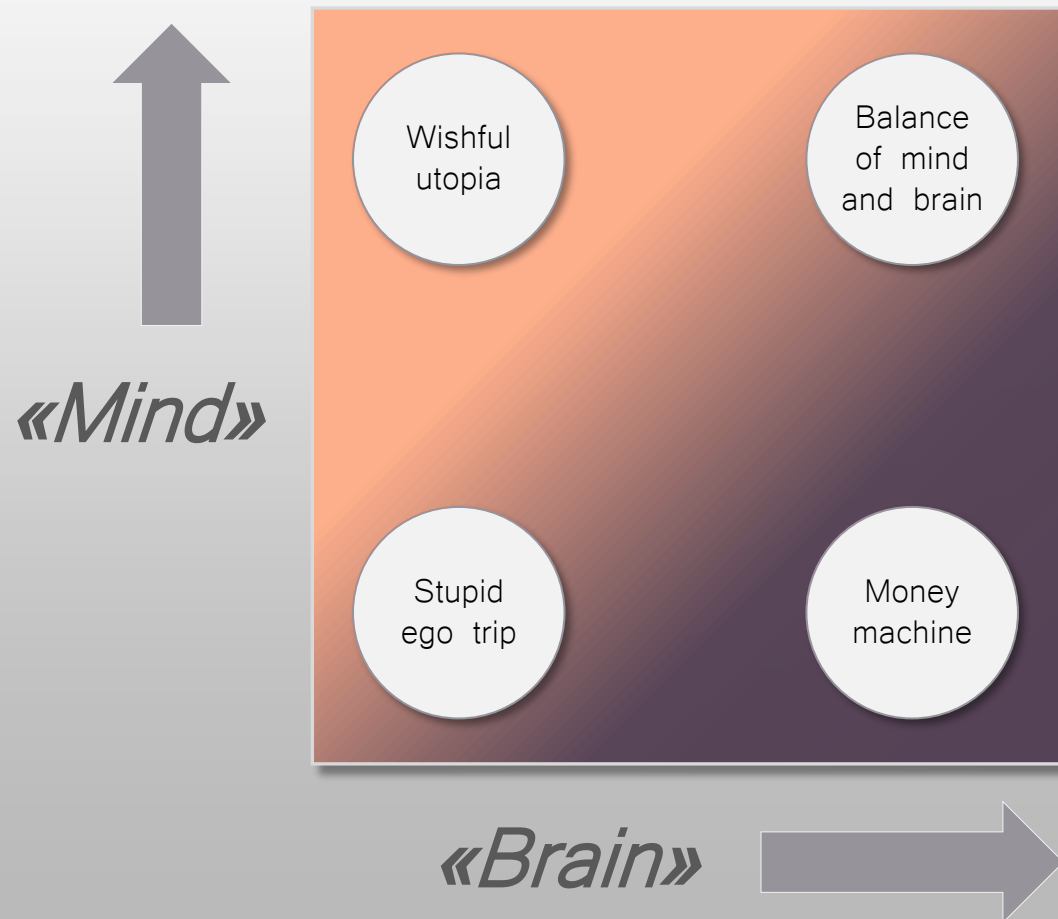
These structured portfolio views **complement** – not replace

– **human empathy, creativity and intuition**.



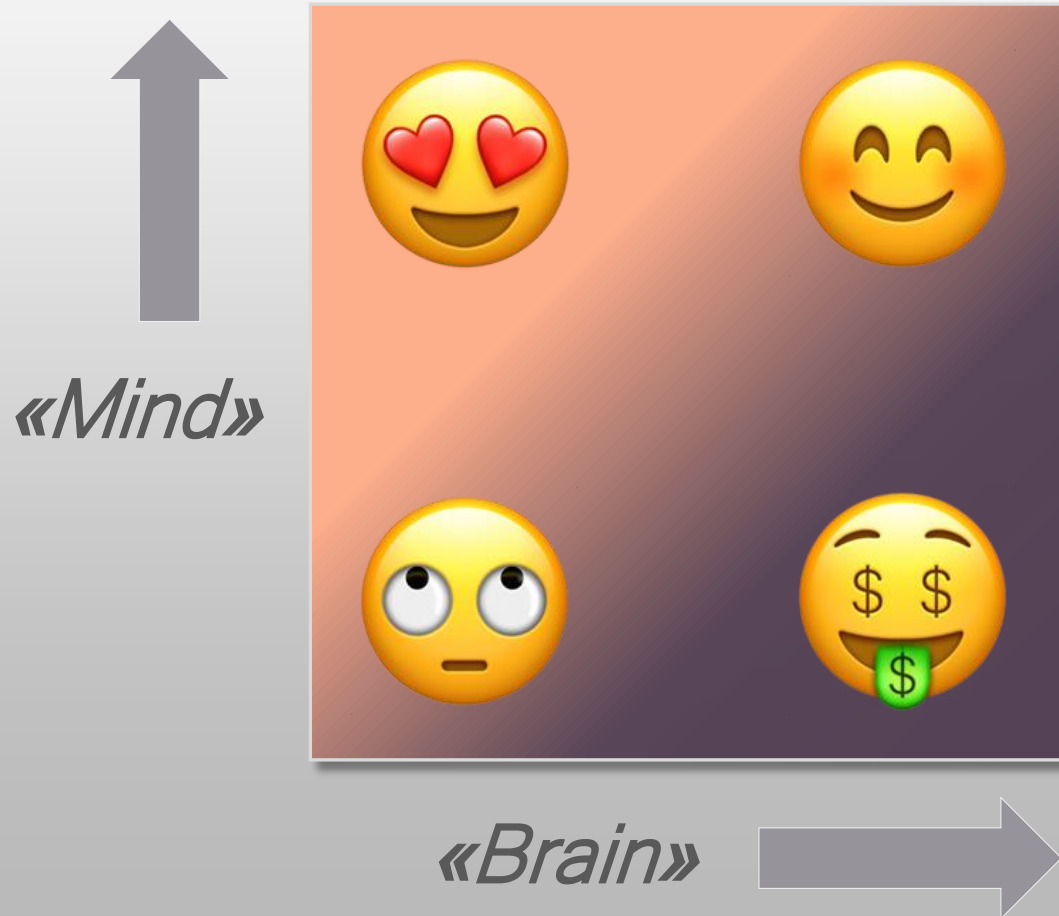
HYBRID PORTFOLIO MANAGEMENT

THE LEPUS “HYBRID PORTFOLIO”: BALANCING MIND & BRAIN



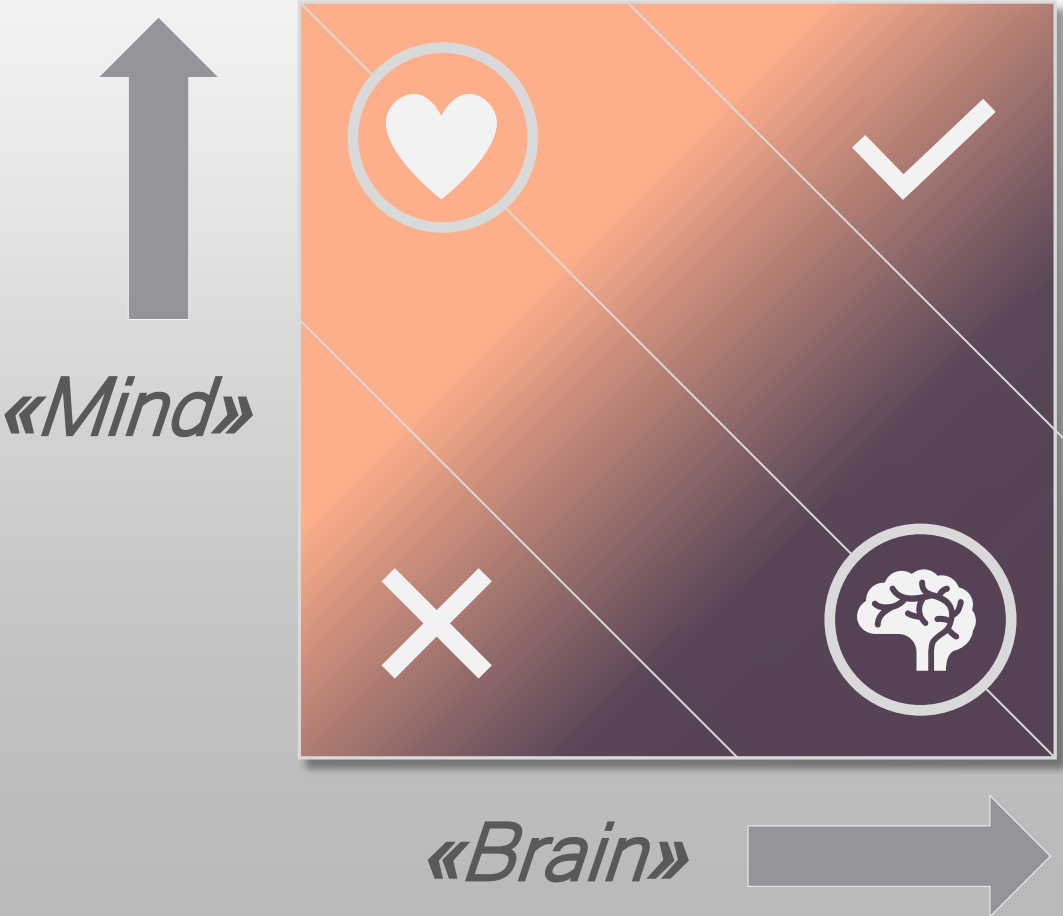
HYBRID PORTFOLIO MANAGEMENT

THE LEPUS “HYBRID PORTFOLIO”: BALANCING MIND & BRAIN



AREAS OF EXPERTISE: HYBRID PORTFOLIO MANAGEMENT

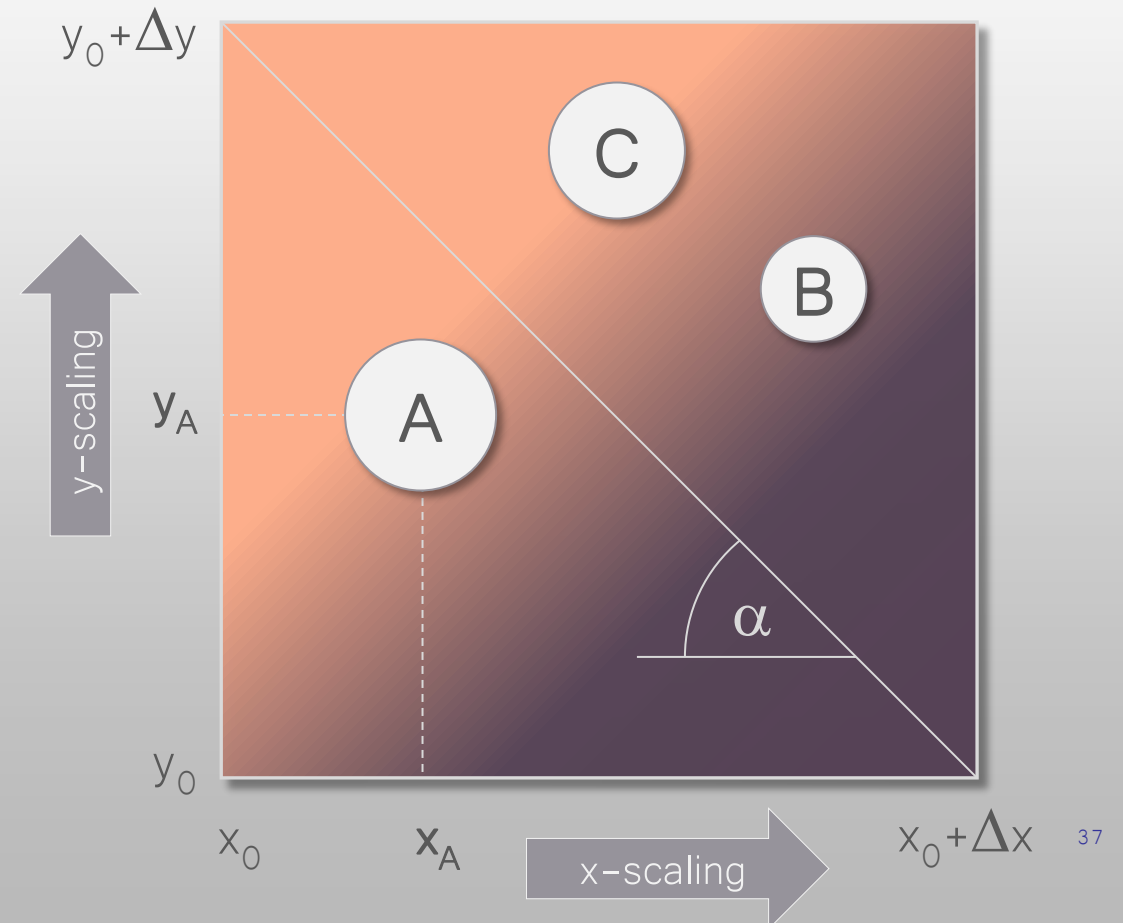
PORTFOLIO VIEWS GUIDING RESOURCE DECISION



AREAS OF EXPERTISE: HYBRID PORTFOLIO MANAGEMENT

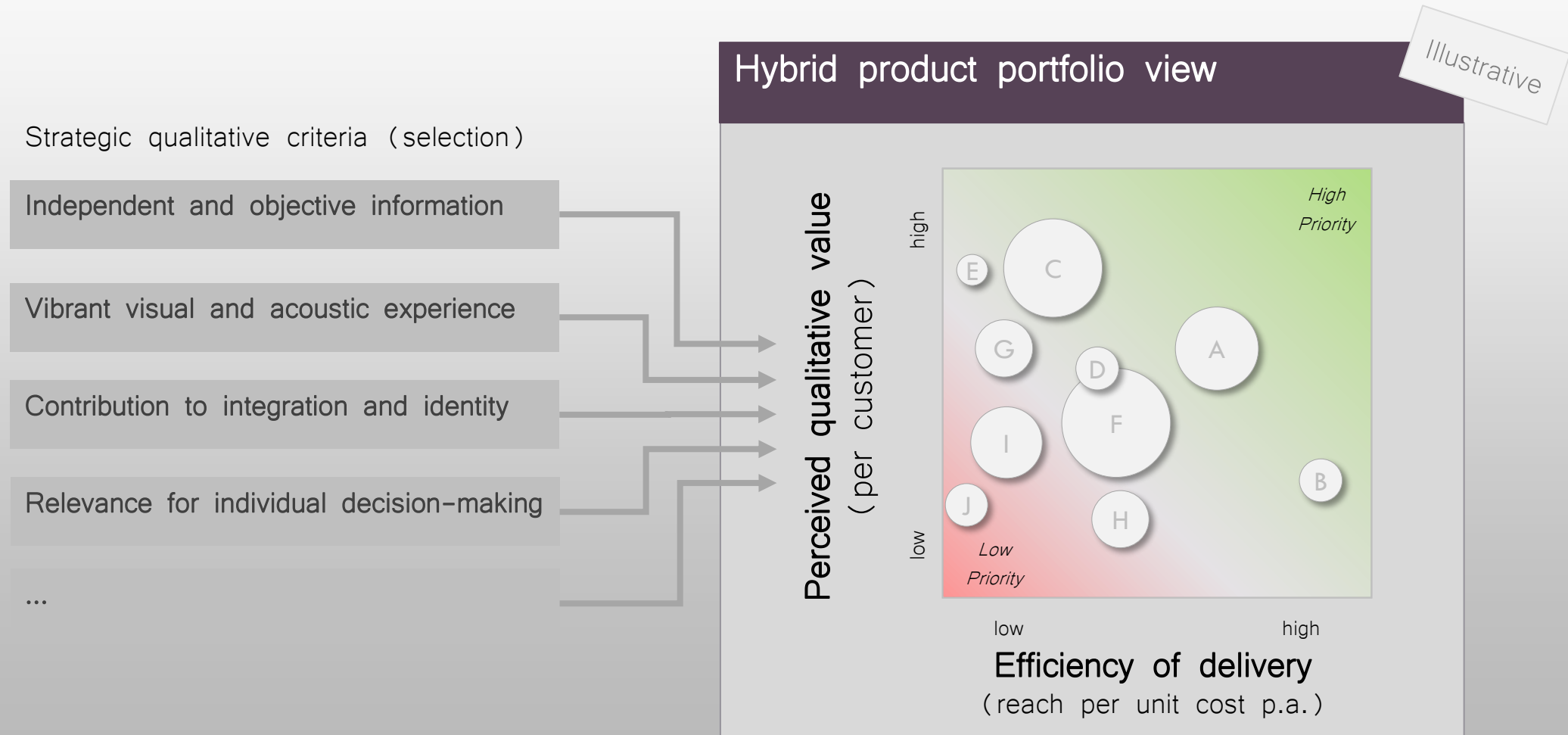
CALIBRATION OF METRICS AND RELATIVE IMPORTANCE

- Portfolio metrics reflect the specific strategic direction of the organization (*subjective* scaling: Δx , Δy , α)
- Individual objects (A, B, ...) e.g. projects, investments, products are mapped according to as-is data and defined criteria (*objective* relative positioning)
- Area of objects may serve as a 3rd dimension e.g. to reflect annual cost base of products
- In practice, multiple views are typically defined including e.g. risk levels or trajectories of objects over time
- Cross-reference to established industry benchmarks, e.g. for perceived customer value or public value may be added



AREAS OF EXPERTISE: HYBRID PORTFOLIO MANAGEMENT

EXAMPLE: PRODUCT PORTFOLIO FOR DIGITAL MEDIA





«Sometimes it makes sense to compare apples and oranges.»

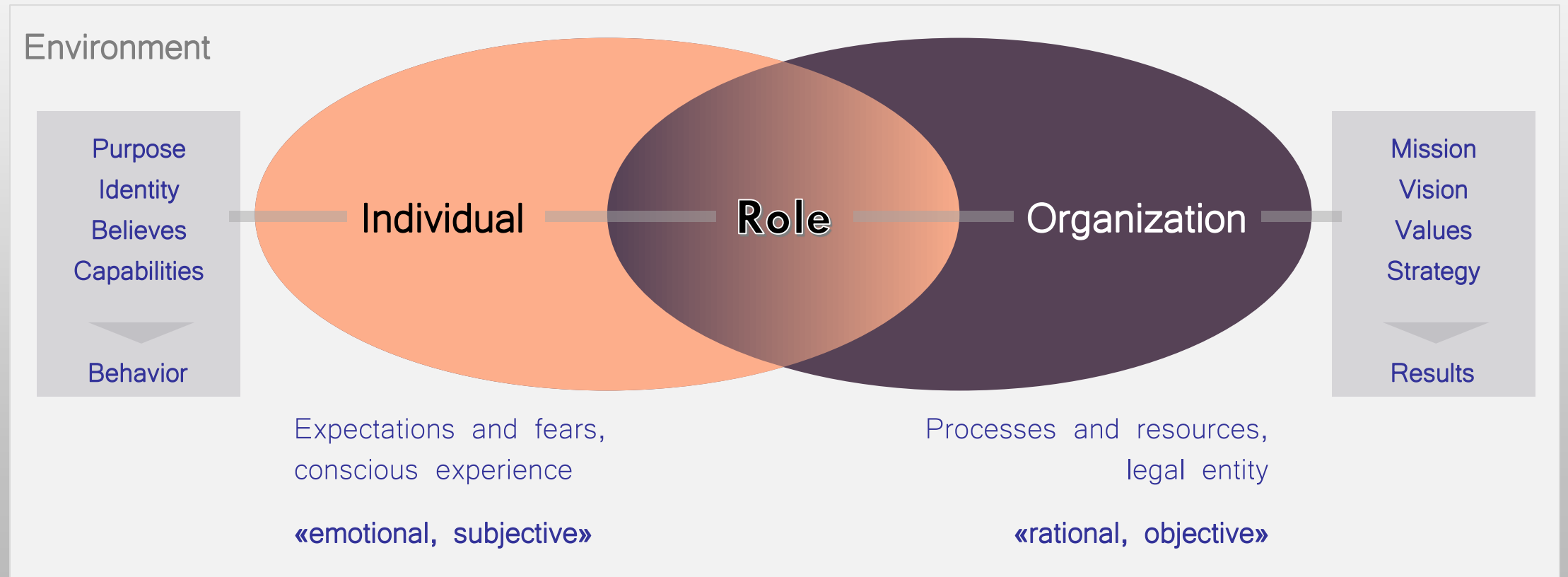


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BACKGROUND OF OUR METHODOLOGY

PEOPLE WHO TAKE OWNERSHIP MAKE COMPANIES SUCCESSFUL



BACKGROUND OF OUR METHODOLOGY

FIVE TYPICAL WAYS OF WORKING WITHIN ORGANIZATIONS – WITH DIFFERENT PARADIGMS

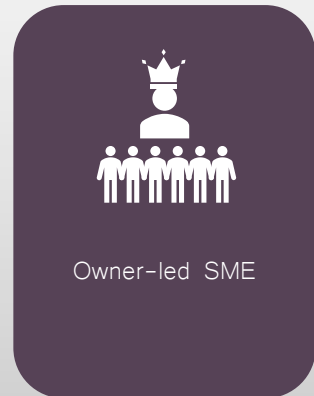
The diagram illustrates five organizational paradigms, each with a distinct color and set of characteristics:

- Teal (Self-organizing network of autonomous teams):** Includes terms like BUURTZORG, ANTI-FRAGILE ORGANIZATION, WHOLENESS, SELF-MANAGEMENT, and DELIGHT CUSTOMERS. Represented by a teal network icon.
- Green (Values-driven venture):** Includes terms like HIGHER PURPOSE, DISTRIBUTED DECISION MAKING, DELIGHT CUSTOMERS, STAKEHOLDER BALANCE, and EVOLUTIONARY PURPOSE. Represented by a green group of people icon.
- Orange (Meritocratic performance-driven company):** Includes terms like SHARED VALUES, ENGAGEMENT, COMPETITION, INNOVATION, and EMPowerMENT. Represented by an orange icon with a graph and a box.
- Yellow (Hierarchical organization):** Includes terms like PROFIT OBJECTIVES, HIERARCHY, STABILITY, CONTROL, and LONG TERM PERSPECTIVE. Represented by a yellow pyramid icon.
- Red (Owner-led SME):** Includes terms like POWER, FEAR, CHAOS, and DIVISION OF LABOR. Represented by a red icon of a person with a crown.

Adopted from "Reinventing Organizations" by Frédéric Laloux; <https://www.youtube.com/watch?v=g0Jc5aAJu9g>

BACKGROUND OF OUR METHODOLOGY

WHAT IS THE BASIS OF DECISION-MAKING IN THE RESPECTIVE WAYS OF WORKING?



Central steering

«Decisions from a single source»



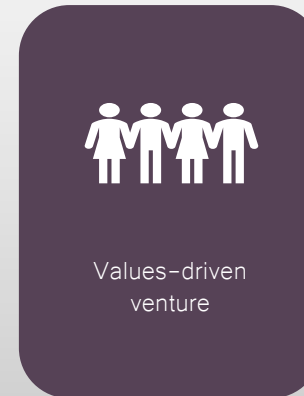
Plan versus actual

«We have clear rules.»



Profit to risk ratio

«Results are what counts.»



Higher Purpose

«Common values as a basis.»



Continuous improvement

«Transparent discourse.»

BACKGROUND OF OUR METHODOLOGY

OBSERVATIONS FROM OUR PROJECT WORK REGARDING THE FIVE DIFFERENT WAYS OF WORKING (1/2)

- The F. Laloux model can be understood as the background and **practical orientation** in **transformation projects**.
- Per se, there are **no «right» and «wrong» ways of working** in this system. There is no judgment.
- In a specific social, legal and economic **environment**, one type of organization can be **superior** to another.
- There can be **different types of collaboration** (colors) within an organization vertically at different levels and horizontally in different areas, departments and teams. In many cases, however, **one** pattern approximately dominates overall.



Matryoshka

“Higher” ways of working **systemically go beyond** the layers below and, like a matryoshka, **contain their elements.**

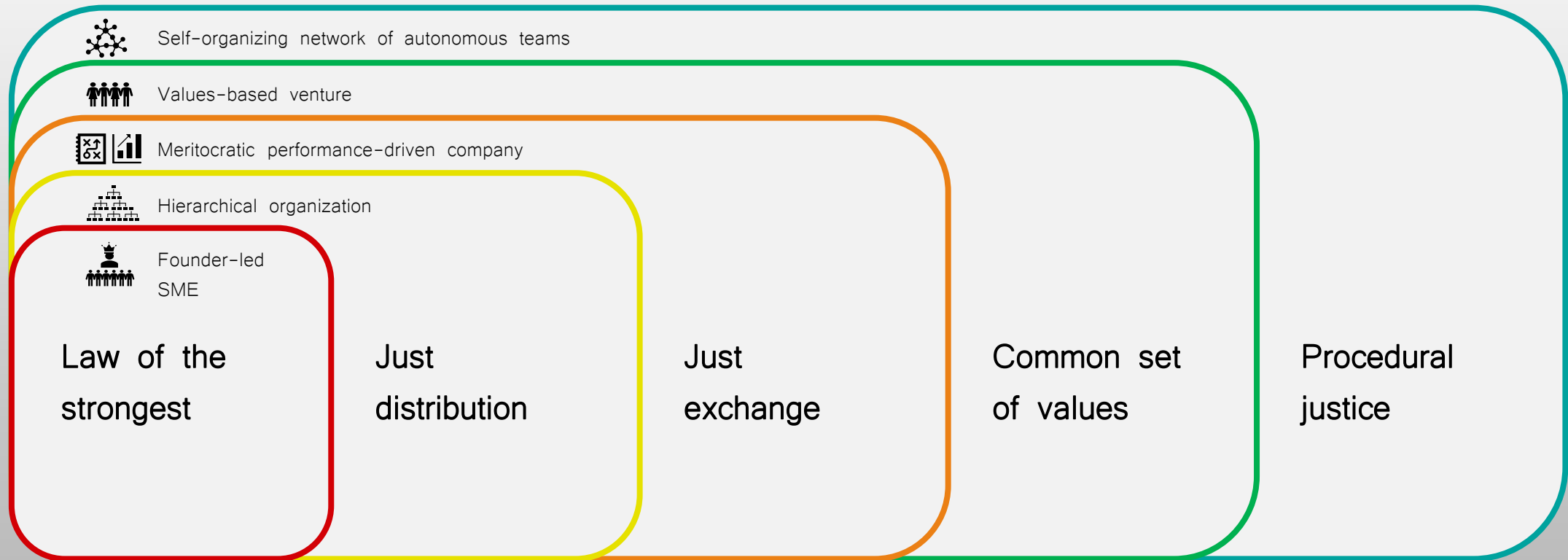
BACKGROUND OF OUR METHODOLOGY

OBSERVATIONS FROM OUR PROJECT WORK REGARDING THE FIVE DIFFERENT WAYS OF WORKING (2/2)

- Today, most organizations in the **public** and **private** sector follow **red**, **amber** or **orange** paradigms and patterns.
- At times red, amber and orange ways of working are hence referred to as **“legacy”** while emerging green and teal models are labelled as **“new”**.
- **Success is defined differently** in the various ways of working and for “new” models in particular does not limit itself to financial success.
- Depending on one’s view on the **evolution of societies** and **ecological challenges**, these contributions are judged differently.
- The five different ways of working within organizations reflect **distinct philosophies**. In particular, the notion of **«justice»** (or **«balance»**) is based on **different concepts** (see next page).

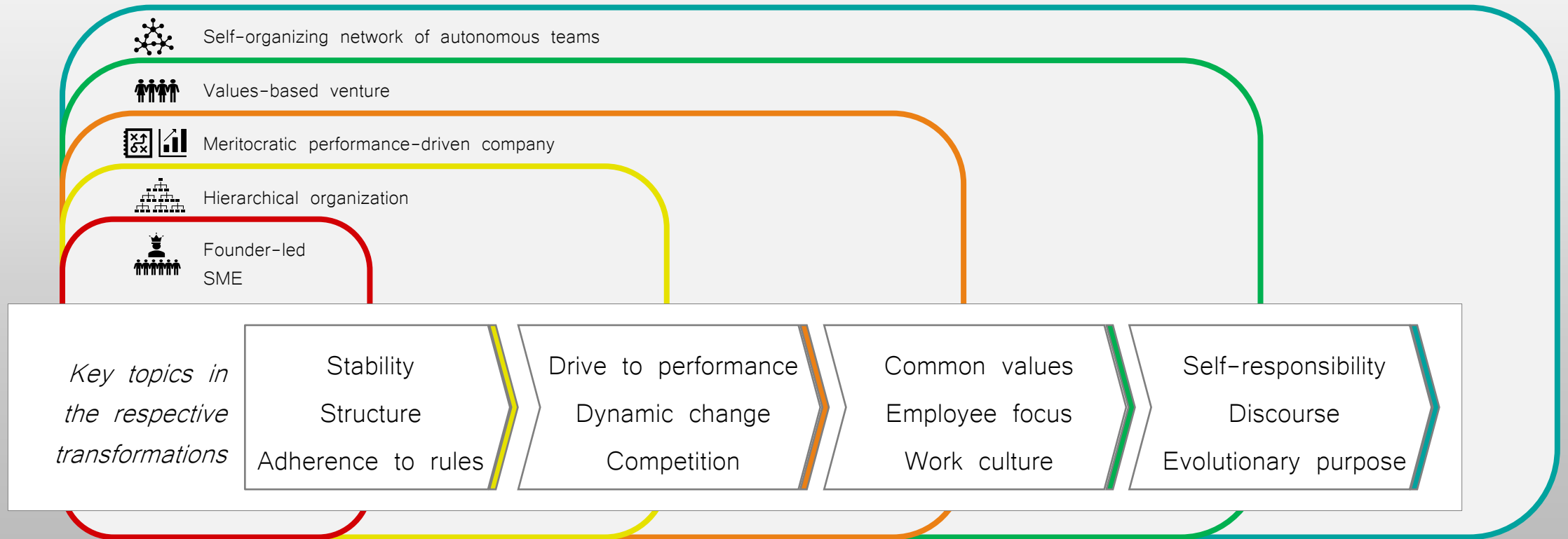
BACKGROUND OF OUR METHODOLOGY

JUSTICE AS A CORNERSTONE IN ALL WAYS OF WORKING.
HOWEVER, WITH DIFFERENT INTERPRETATIONS



BACKGROUND OF OUR METHODOLOGY

FOUR DIFFERENT FLAVORS OF TRANSFORMATIONS DURING ORGANIZATIONAL DEVELOPMENT



BACKGROUND OF OUR METHODOLOGY

TARGETED SELECTION OF TOOLS DURING ORGANIZATIONAL DEVELOPMENT



Organization-specific choice of tools – dependent on the situation and ambition at the time

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PRINCIPLES

PARTNERSHIP AND TRUST AS THE BASIS OF OUR WORK ...

As we are convinced of the **fundamental value** of trusting partnerships,
as we believe to have a **realistic view** on our own capabilities and
as the **quality of our work** is not being influenced by financial incentives ...

... we offer our clients an **ALTERNATIVE COMMERCIAL MODEL** for our services.

COMMERCIAL MODEL

... WITH AN ALTERNATIVE COMMERCIAL MODEL

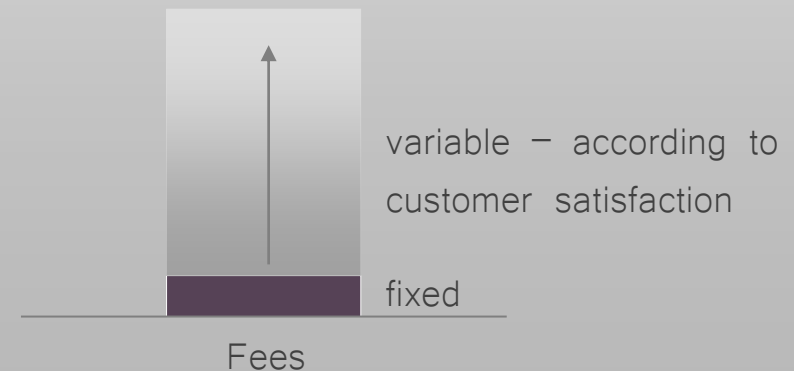
“Classical model” – time & material

- Joint goal setting, project planning including estimated effort
- Monthly reporting of actual consulting effort
- Daily rates and number of consulting-days as the basis for monthly consulting fees
- Optional cost ceiling or fixed price offer for the project



“New model” – based on customer satisfaction

- Joint goal setting, project planning including estimated effort
- Monthly reporting of actual consulting effort
- Very low fixed fee as a base
- **On a monthly basis, the client decides to what extend a possible variable fee is being payed**



CLIENT COLLABORATION

«SIMPLICITY» – WHY LEPUS MANAGEMENT CONSULTING?

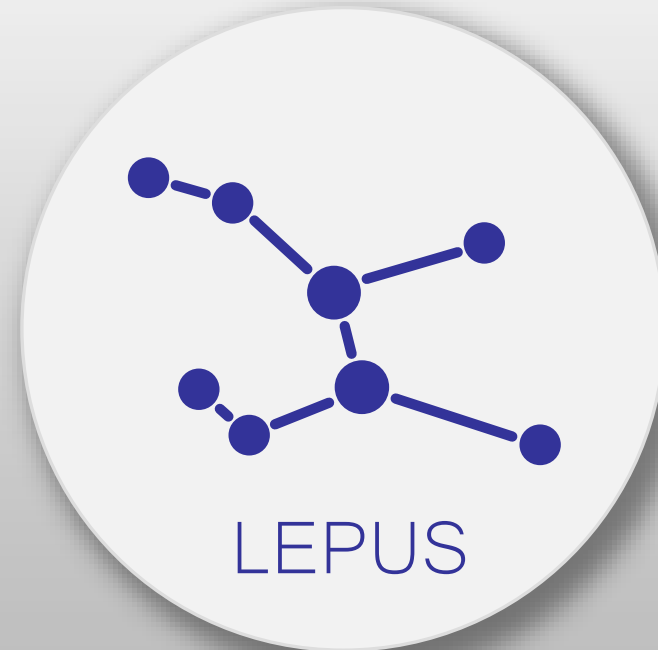
From strategy to implementation: simple

Decades of hands-on experience

Proven step-by-step methodology

Risk-sharing partnership with our clients

Trusting and mindful way of working together



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«The simplest of competing theories should be preferred.»

William of Occam (1288–1347)