

Using Project Management to Achieve Business Transformation

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Summary

ComSuper like many Australian superannuation administrators is facing many challenges at the moment as the general superannuation industry experiences widespread changes to its operating environment. The recent introduction of choice of fund for employees is driving the need for funds administrators and other stakeholders to refine their cost and service competitiveness. Increases to the levels of regulatory compliance required to operate in this area, are also creating extra workloads and complexities to what is already a complex business.

Utilising proven project management practices and turning business challenges into opportunities, ComSuper is progressively building its future operating state. The organisation is exploiting its strengths and improving its weaknesses through business transformation achieved by embracing project management disciplines.

This paper outlines how ComSuper is employing project management in order to create a viable future in the context of a rapidly changing business environment.

1. Australian Superannuation in Context

Today Australia's superannuation system is recognised as being one of most progressive and sophisticated retirement income building frameworks in the world. It is interesting to see how far it has come for example, in just the last 20 years. As recently as the 1980's superannuation was deeply inequitable with less than 40% of the work force having some form of superannuation. Access to it was based on gender, occupation and type of employment. Only 24% of women and 50% of men had superannuation. It was usually only office workers and public servants who had superannuation provided as part of their terms and conditions of employment. Most funds were of a "defined benefit" type, which work best for those employees who stay with the same employer for very long periods of time. Since that time the superannuation industry has experienced steady changes as the Commonwealth government has progressively introduced reforms aimed at enhancing and securing these retirement income streams for all employees.

The industry manages over \$600 billion in assets (forecast to rise to \$1 trillion over the next five years), through approximately 300,000 funds which have a total of over 25 million member accounts. The introduction of *Super Choice* in July this year represents probably the most significant change the industry has experienced since the introduction of the *Superannuation Guarantee* (SG) in 1992 which made it compulsory for all workers to receive a level of superannuation during their employment. Now employees have a choice of which fund to invest their retirement contributions. This will drive further competition within the

industry and for the first time provide visibility to the administration costs structures of superannuation funds managers and their administrators.

With the nation facing an aging workforce in the near future, further structural changes will be required to our superannuation system to allow workers to access their retirement funds earlier while they continue to work longer. As if there weren't enough changes occurring in superannuation at this point in time, the rise in profile of corporate governance and compliance in the general business community in response to recent high profile financial disasters such as HIH, Ansett, Enron etc, has raised the bar even higher for entities operating in the industry. "The only certainty in life is change" is very pertinent within the superannuation industry at this point in its history.

2. Brief History of ComSuper

Against this backdrop ComSuper has provided superannuation administration services to Commonwealth public servants and military personnel for over 83 years. It started in 1922 with just over 26,000 members and administered close to £128,000 of members assets. Today it has over 560,000 members and manages over \$12 billion in member's assets. Each year it processes over \$1 billion in contributions and another \$1 billion in benefits and pensions to members.

The style of funds it manages are "defined benefits" based, which due to many years of legislative changes and alterations required by funds managers, are very complex to maintain. The Public Sector Superannuation Scheme (PSS) for example has over 800 permutations for calculating an individual member's final benefit amount. The majority of these calculations are computerised but each year changes to the schemes structures as outlined above, increase the level of work required to continue to meet service high standards. With looming competition, increases in compliance, complexity and an overall rate of change, plus the need to ensure service levels are kept high (ComSuper performs well in international benchmarking), the organisation took time to make certain its business approach was sustainable into the future.

3. A Challenge becomes an Opportunity

In July this year ComSuper implemented a new industry standard superannuation plan called the Public Sector Superannuation Accumulation Plan (PSSap). The purpose of this mandated scheme change reflects the Commonwealth government's recognition that the profile of its public service workforce has changed and that due to the nature of only offering "defined benefit" style superannuation it had accrued a significant unfunded liability. This fact has in turn driven the establishment this year of the *Future Fund*. "Accumulation" style funds are simpler than defined benefit and are more commonly used in the private sector.

The typical person entering the public service 20 years ago was fresh from high school and had no previous superannuation. In 2005 the typical entrant to the public service is in their early 30's, worked previously in other sectors and has their own existing superannuation. Although mandatory choice of fund has not as yet been extended to the public sector, it is expected to commence in July next year. This will for the first time place the public sector in the same competitive environment as the private sector.

With this change in mind, ComSuper has had to consider its future as a business entity. What could have been perceived as a difficult challenge has been turned and leveraged into a golden opportunity. By using the catalyst of implementing a new business product (i.e. PSSap), and its supporting services, ComSuper has embarked on a business transformation strategy which will enhance the way it operates and provides services to its clients and customers.

At the highest level the organisation has developed its *Future Directions 2004 – 2006* (Corporate Plan) which provides an overall strategic framework for the organisation. The importance of the overall vision and the linking of individual projects to it are critical to ComSuper's strategic scorecard. Supporting the organisational strategy are top-down and tactical business line strategies and business plans. These are supported by bottom-up team and middle-management action plans to meet short-term objectives. At the individual level are personal development plans which integrate with the team's action plans. The concept of these cascading plans was trialled within IT and subsequently rolled out to all business areas. Project management is used as the common thread across these strategies to deliver the building blocks of transformation and provide a robust change management discipline.

4. ComSuper embraces Project Management

With no previous continuous project management focus to its operation (apart from the temporary use of Project Managers to implement large systems over the years), I put the value proposition to the CEO and his Executive on the business benefits of establishing a permanent project management capability within the organisation. Approval was given and selection criteria for the initial team were developed. A permanent Projects Coordination Team (PCT) was recruited and setup in 2004. The purpose of this team has been to develop and provide best practice project and program management services across the organisation. It also provides corporate governance support; expert advice on methodologies and tools; networking and knowledge sharing; and has become a pool of project management core skills.

There was initial resistance to this change in operations from some parts of the business; however the PCT has reduced this by providing regular presentations, team meetings and briefings; use of accredited project management trainers and facilitators; integration of business and project teams through the role of the Business Owner; visibility of results to both the business and Executive; reporting of "on" and "off" schedule projects to the Executive on a regular basis; reporting of major projects statuses to the monthly management forum; and developing additional strategies to influence and sell the value of this approach to the organisation. Cultural changes that accompany business transformation must be managed as closely as any project. Employees are stakeholders and need to be managed accordingly.

With more than a third of the ComSuper budget dedicated to Information Technology (IT), the PCT was initially setup in the IT domain. The majority of major projects within ComSuper continue to have a heavy IT component. A project management focus to work has given ComSuper greater visibility and clearer points of accountability for efforts performed on the organisation's IT investments, as well refined quantification and project reporting practices. It has also provided more structure to activities that had previously been run as a series of ongoing operational initiatives that addressed changes required to core administration systems and IT infrastructure. Although this model had worked relatively well for ComSuper in the past, the rate of change the organisation was now facing meant that

a more structured and repeatable change management framework such as that offered by project management was required.

5. Project Management Building Blocks are put in place

After an initial six months of operation of the PCT, basic project management practices and procedures had been put in place and were being constantly improved as required. The team was staffed with experienced Project Managers and support personnel were seconded to project manage discreet projects. The PRINCE2 Project Methodology was customised for ComSuper's requirements and simple, but centralised projects portfolio management had commenced. Project approval mechanisms were put in place and the Executive became the decision making forum for approving proposed projects channelled through the PCT. For the first time the organisation had visibility to all of the major works projects it had in its portfolio.

While this was occurring the PSSap Project was given the highest priority and a project team established early in 2004 through the established PCT processes. With a deadline of 1 July 2005 to meet, the PSSap Project commenced requirements analysis and setup governance structures and communication channels with its internal and external stakeholders. Also over this period recurrent but equally as important ongoing business works programs were also brought under the project management framework and managed for the first time as projects. These included IT refresh programs and the regular production of Annual Statements to the fund's 560,000 members.

At the end of this six month period the PCT was relocated into a central business area so that the established project management practices and procedures could be rolled out and applied to the entire enterprise. IT based projects continued to work through the PCT along with now a number of non-IT related projects.

6. Strategic Assessment of IT enabling Services

In parallel to the development of a robust project management capability, I undertook a strategic re-assessment of ComSuper's IT investments strategy through the development of the organisation's first IT Strategic Plan. The plan has become the ComSuper's strategic road map for enabling IT services and solutions that support and grow the business. It specifies a framework for ensuring IT alignment with business outcomes and provides associated work plans and measures to determine success. Through this work and the opportunity presented by the need to provide the PSSap with a supporting IT solution, a fundamental shift in the provisioning of IT software services was considered. At the same time I restructured the IT division to better align with ComSuper's business lines and interoperate effectively with the IT strategy.

It was assessed and decided that for its future viability, ComSuper should not continue to build "in-house" software solutions but rather selectively source "turn-key" software systems to address major business systems requirements. In-house software development constitutes a large part of the current IT budget and places a dependency on scarce resources for technical knowledge of legacy systems. It also places the responsibility to implement constant legislative and compliance system changes on the same limited resources. In moving to a more competitive position within the superannuation industry what differentiates ComSuper from other administrators should not be its infrastructure, but its services.

The timing of this decision reflects the maturity of the software industry where even in niche markets such as superannuation there are now industry standard “turn-key” software solutions. The superannuation software industry has also embraced and provides legislative and compliance updates to its software as part of its service offerings. To ensure interoperability of any selectively sourced products with ComSuper’s existing IT investments, a technology architecture practice was established to manage the organisation’s Information Technology Enterprise Architecture.

A second major strategic shift in ComSuper’s overall approach to IT is to progressively work towards consolidating its core administration and online services software platforms. ComSuper currently has two major legacy administration systems and now has a new platform for the PSSap. Consolidation will allow the organisation to provide its current and future members and employers a broader range of services, and help to position ComSuper in the market to retain members.

7. PSSap Project Becomes the Blueprint for the future

With the decision to leverage the opportunity presented by the implementation of the new PSSap, it was time to start delivering on the strategic vision. While analysis and design continued on the PSSap Project, particular emphasis was given to the provision of enhanced online capabilities, which ComSuper sees as the key to providing efficient administration services in the future. A selective sourcing exercise was undertaken and two leading superannuation administration software products were chosen. One product called *Acurity* by Financial Synergy was chosen for back-office management and administration of the fund’s member records, and a companion web-based system called *E-Pass* by Essential Software was chosen to allow ComSuper to transact online with employers and its members. ComSuper did have an existing but limited online service channel for members, but the opportunity to transact online with employers, has allowed ComSuper to offer more sophisticated data matching and screening features.

With the successful implementation of the PSSap Project in July this year, ComSuper has turned its focus to ensuring existing procedures and practices leverage the range of process improvements developed through the creation of the new PSSap. The establishment of a “Centre for Excellence” has centralised the ongoing work to remodel existing business processes and align them with the new PSSap.

8. Where to from Here?

Although project management practices are now an integral part of regular operations and change management procedures, the organisation is looking to take the next step in its business transformation evolution as a project managed business. Building sustainable project management capabilities will be the key for ComSuper into the future. With this in mind the organisation is ensuring competency based training, development opportunities and certification in project management skills are made a part of the career progression framework for staff.

As well as investing in its people to build and improve project management expertise, a pilot Enterprise Program Management (EPM) system will be trialed within IT. ComSuper has recognised the need to be effective in executing key programs and projects and to better

understand and manage interdependencies across projects and programs. In order to keep up with the increasing demands of legislative compliance, transparency and technology as well as the pressures for faster delivery, the organisation must work more efficiently across projects. Such a system will help ComSuper to quantify and prioritise its organisational supply and demands requirements and assist in realising benefits from its investments.

ComSuper must be able to determine which resources are needed when, and make sure attention is devoted to the projects which are most important to the business: this is what the pilot will focus on. In a similar strategy to the initial implementation of the PCT, the results and lessons learned from this pilot will be applied across all ComSuper business units. This should result in better coordination of projects and improved IT and business alignment.

9. Conclusion

In assessing ComSuper's success in achieving business transformation through project management, a number of key changes in behaviour have been observed. From a leadership perspective we are now better able to articulate the vision for the organisation; strategic goals are more clearly understood; and the ability to motivate staff to meet the corporate objectives has become achievable. From a management perspective roles and responsibilities are clearly defined; there is a guiding and mentoring approach to achieving outcomes in a collaborative manner; accountability for outcomes is occurring; and our approach to measuring and harvesting of outcomes has improved. There has been a steady improvement in the health of projects through better visibility and "rogue" or unapproved projects have been eliminated.

ComSuper has come a long way in a relatively short period of time. Business transformation is not seen as a transition from one state to another, but rather an evolution to continually moving end state. The aim has been business transformation and project management has been the vehicle for delivering on this strategy. The journey is not complete and further refinements and changes will be necessary going forward. The organisation is moving into a very different business environment from the one it found itself only a few short years ago. By recognising the Darwinian theory that only adaptable organisms survive environmental changes, ComSuper has taken the best that project management has to offer and applied it to reengineering itself to meet the challenges it sees ahead.