

# BRMP® Foundation

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## Module 1 Introducing BRM

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## Welcome to your Study Guide

**This document is supplementary to the information available to you online, and should be used in conjunction with the videos, quizzes and exercises.**

After your subscription to the course has finished online, you will still have the study guide to help you prepare for the Business Relationship Management Professional Foundation exam.

Use this Study Guide in conjunction with your own notes that you make as you progress through the course. You may prefer to print it out or use it on-screen. After each Lesson, you can consolidate what you have learnt whilst watching the videos and taking the quizzes by reading through the chapter of the Study Guide. If you progress on to do the exam, your Study Guide will provide you with vital revision information.

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## Study Guide Icons

	<b>Tip</b>	This will remind you of something you need to take note of, or give you some exam guidance.
	<b>Definition</b>	Key concept or term that you need to understand and remember.
	<b>Role</b>	Job title or responsibility.

## Module Contents

This Module relates to syllabus area *Overview* – syllabus area code OV.

We studied:

- Introducing Business Relationship Management
- Organizational Capability
- The Business-Provider Maturity Model
- The Business Relationship Maturity Model

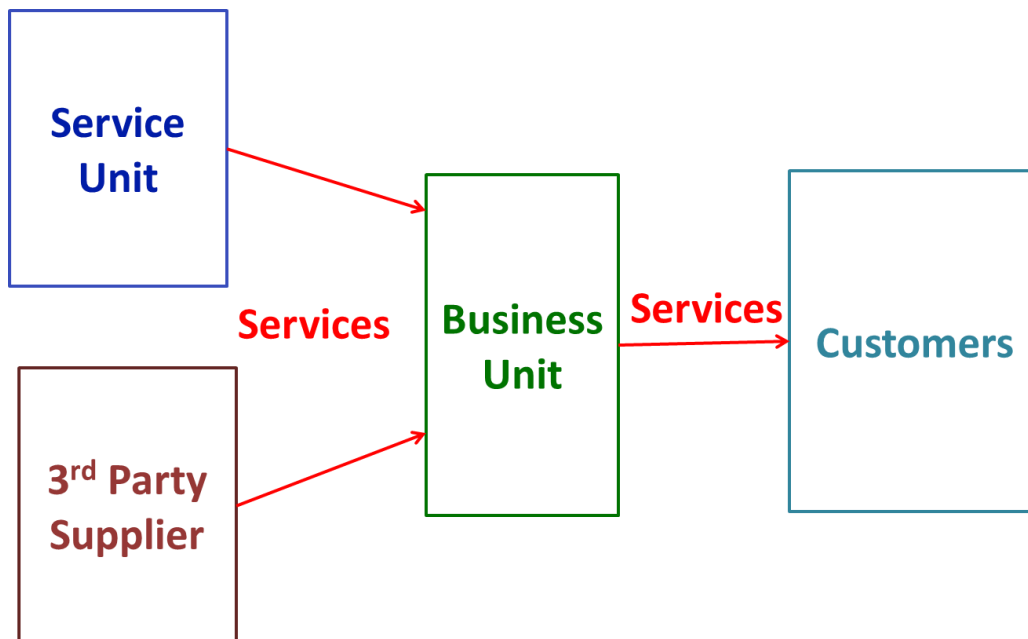
## Introducing BRM

### BRM Context

Most enterprises consist of one or more business units that deliver goods and services to external customers.

In the case of a commercial enterprise these customers pay directly for the goods and services received. In the case of public or not for profit enterprises, the commercial relationship does not exist but the recipients of the services are still usually regarded as customers.

Each business unit is supported by internal service units and third party suppliers. IT is a major service unit in many organizations but there are others – HR and Finance for example.



The diagram above illustrates the key relationships: **business unit and customer**; **service unit and business unit**; and **business unit and 3rd party supplier**.

Each of the three key relationships must be managed if it is to be successful; serve the aims of the business and provide value to the business.

The business unit utilizes Customer Relationship Management to manage its relationship with its customers, and Supplier Management to manage its supplier

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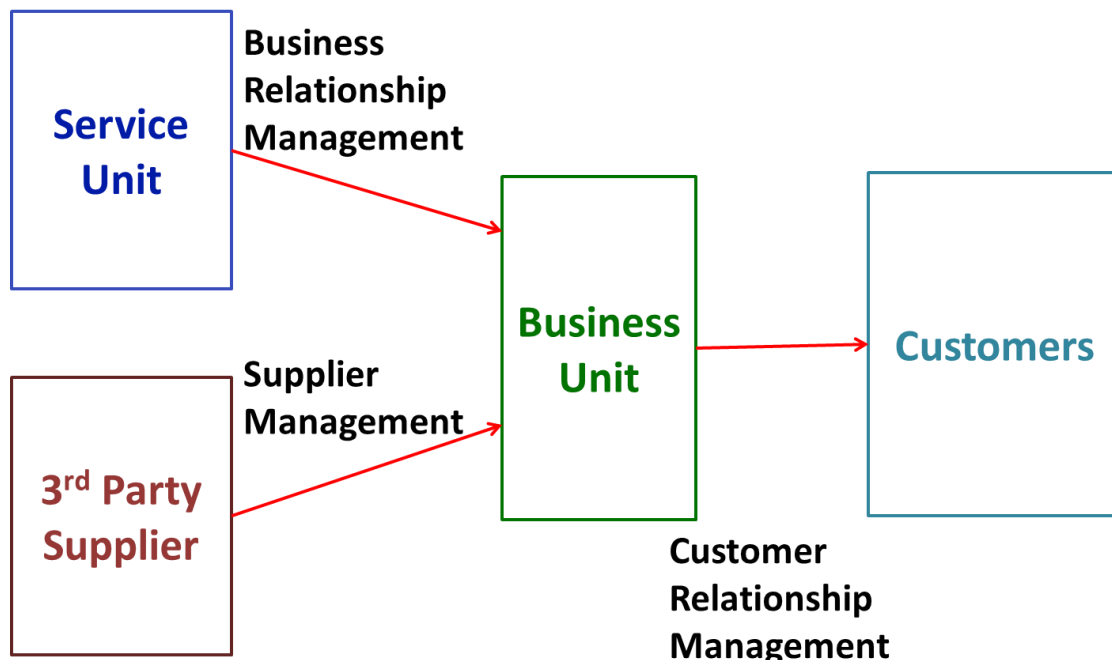
relationships. Business Relationship Management is concerned with the relationship between a service unit and the business units served.

Customer Relationship Management and Business Relationship Management have very similar concerns. And in fact CRM provided Service Units with a model for handling the relationship with **their** customers – the Business Units.

The big, and obvious, difference between CRM and BRM is that the ultimate duty of CRM is to serve the interests of the Business Unit and the wider business. And that could mean *ending* the relationship with a customer. BRM, on the other hand, serves the business not the Service Unit; a Service Unit cannot choose to end its relationship with a Business Unit.


Every trade, profession and discipline has its own technical language, its own jargon if you like, and BRM is no different. Properly used, jargon can help communication by removing ambiguity and reducing the scope for misunderstanding.

So far we've used phrases that you're probably very familiar with: Service Unit and Business Unit. The BRM Body of Knowledge uses different terms as you can see from the following diagram.



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Instead of Service Unit, the Body of Knowledge uses the term Provider. Instead of Business Unit, BRMBOK says Business Partner.

	<b>HINT</b>
You don't need to worry about the different shades of meaning that might attach to these different terms.	
Just be aware that these are the words we'll be using in the rest of this course, and these are the words that you'll see in the exam.	



The diagram above shows BRM acting as an intermediary between the Provider and the Business Partner. Notice the double-headed arrow; this implies two-way communication and influence.

Here is the BRM BOK formal definition of *Provider*:

	<b>Provider</b>	<i>"Provider is the term we use to describe the organization that the Business Relationship Manager represents to their Business Partner"</i>
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The Provider *could* be HR, Finance or a number of other types of internal Service Units.

In this course we'll discuss an IT Service Provider and in fact in most enterprises right now, it's IT that's most advanced in its BRM capabilities.




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Here is the BRM BOK formal definition of Business Partner:

	<b>Business Partner</b>	<i>“Business Partner is the term we use to refer to the individual that the Business Relationship Manager represents on behalf of the Provider organization”</i>
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The Business Partner is the role in the business that the Business Relationship Manager works with to achieve the objectives of Business Relationship Management.

The Business Relationship Manager role is defined here:

	<b>Business Relationship Manager</b>	<i>“A Business Relationship Manager is a role that serves as the strategic interface between a Provider (e.g. IT Organization) and one or more Business Partners to stimulate, surface and shape business demand for the Provider’s products and services and ensure that the potential business value from those products and services is captured, realized, optimized and recognized.”</i>
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In this lesson we talked about the Business Relationship Manager and about Business Relationship Management. Don't assume that Business Relationship Management is what the Business Relationship Manager does, end of story. It is, but there's more to it than that.

We can view BRM from three perspectives: as a **role**, as a **discipline**, and as an **organizational capability**.

BRM as a role refers to a set of duties, responsibilities and authorities that will be assigned to a person or team. In a small organization one person might have the BRM role for all services offered by the Provider. In a larger organization each service might have its own Business Relationship Manager.

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BRM as a discipline describes the skills, capabilities and knowledge that are used to do Business Relationship Management.

BRM as an organizational capability refers to the ability of a Provider to be effective in shaping and channelling demand to the highest value opportunities.

This course will explore Business Relationship Management from each of these perspectives.

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## BRM Metaphors

There are three metaphors that are helpful in understanding Business Relationship Management: BRM as navigator; BRM as connector; and BRM as orchestrator.

## BRM as a Connector



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BRM acts as a connector between the Provider organization and its Business Partners, and developing productive connections between Provider resources and the Business Partner, and amongst the business Partners. The diagram above illustrates this idea.

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BRM acting as a connector has three main aspects:

Aspect	
<b>1</b>	<p>It facilitates productive connections and mobilizes projects and programs.</p> <p>The fundamental idea here is that the Provider should not simply respond passively to requests from its Business Partners; rather it should actively seek out and implement new and improved ways of supporting them. BRM is the means of doing this.</p>
<b>2</b>	<p>It should stimulate, surface, and shape business demand for the Business Partner while increasing the savviness within the Business Partner regarding the Provider's services and products.</p> <p>What is meant by "increasing the savviness within the Business Partner"? The idea here is that BRM should work to educate the Business Partner about how the Provider can support the Business Partners right now and in the future. This also includes making sure that the Business Partner understands the constraints that the Provider is working within.</p>
<b>3</b>	<p>BRM influences the Provider to ensure appropriate supply of services and products, both in terms of quality and capacity.</p> <p>This encompasses the idea not only of understanding business requirements but also of BRM acting as the representative of the business within the Provider to ensure that these requirements are met.</p>

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## BRM as Orchestrator



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BRM orchestrates, or organizes, the key roles, resources, and capabilities to help stimulate, surface, shape and harvest business value. The diagram above illustrates this idea. BRM as orchestrator has three main aspects:

Aspect	
1	To orchestrate capabilities to drive value from Provider services.  For example, BRM might be involved in developing and maintaining IT Service Continuity plans to ensure that they continue to reflect changing business priorities.
2	To coordinate and aggregate business demand for the Business Partner.  The point here is that the Business Partner, particularly in a large enterprise, is likely to be a complex organization with many departments, sections and teams each with its own particular needs. BRM should understand and, in a sense, simplify it in order to be able to communicate specific needs to the Provider

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To orchestrate key Provider roles on behalf of the Business Partner.

For example, Enterprise Architecture, Subject Matter Experts, Project Managers, and Program Managers.

## BRM as Navigator



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BRM acts as a navigator between the Provider organization and its Business Partners – navigating the two along the path to realized business value. There are three main aspects of BRM as a navigator:

Aspect	
1	<p>BRM facilitates convergence between Provider and Business Partners.</p> <p>Convergence breaks down walls and embeds Provider capabilities within the Business Partners so as to increase agility and business value. You may be familiar with the issue of silos within an IT organization – they get in the way of cooperation; they disguise the big picture; they inhibit synergy. There may be a big silo – IT itself. So BRM is acting to break down the barriers thrown up by the silo.</p>

<b>2</b>	<p>BRM facilitates business strategic planning and road mapping for the Business Partner.</p> <p>This doesn't mean that the Provider determines the future strategy of its Business Partners.</p> <p>What is true, though, is that the future strategy of the Business Partner is influenced by a knowledge of the capabilities of its Provider and of the opportunities and challenges offered by new technologies. So, BRM contributes to and participates in the setting of strategy</p>
<b>3</b>	<p>BRM guides key Provider roles on behalf of the Business Partner.</p> <p>For example, by ensuring that the strategic direction and intent of the Business Partner is understood by Provider roles. These roles include Enterprise Architecture and Portfolio and Program Management.</p>

## Why has the Profile of BRM Grown?

Over recent years Business Relationship Management has been increasingly-recognized as an important as a role, discipline and organizational capability. There have been (and still are) three drivers for this:

- The global acceptance of Service Management standards and best practices to improve service delivery. For example, ITIL® and ISO/IEC 20000). (*ITIL® is a registered trademark of AXELOS Ltd*)
- The need to improve strategic alignment between business and service Provider. This is due to the shift from Provider as a commodity/order taker to a business strategic partner. Additionally, global sourcing enables a Provider to shift to higher value services and to flex with demand—to no longer be 'supply constrained'. Furthermore, there is an increasing business demand for increased innovation and agility.
- A shift from Business-Provider alignment to convergence. The business-provider model is changing as IT becomes ever more widely embedded in the enterprise.

## BRM Related Standards

At present there is no meaningful standard associated with Business Relationship Management, though the role does make an appearance in the standards and frameworks listed here.

The Business Relationship Management Institute aspires to assisting the development of meaningful BRM standards over time.


The standards and frameworks that are relevant to BRM are:


- ITIL is a widely adopted framework for the management of IT services. It includes a description of a Business Relationship Management process. ISO/IEC 20000 is a service management system standard that is based on the ITIL framework.
- COBIT 5® is a framework for governing and managing enterprise IT that was originally developed as a tool for auditors. COBIT 5 recognizes the importance of Business Relationship Management and recommends the appointment of a Business Relationship Manager. What it does not do is advise on how BRM should be done. In fairness, COBIT is mainly focused on the *whats* not the *hows*.
- The Skills Framework for the Information Age (SFIA) is a system for IT professionals to match the skills of the workforce to the requirements of the business. It is a logical two-dimensional skills framework defined by areas of work on one axis and levels of responsibility on the other. It has been proven as an effective resource that benefits business by facilitating all aspects of the management of capability in corporate and educational environments. The system does not include the Business Relationship Manager role but business relationship management expertise is included in the higher-level responsibilities of other roles.



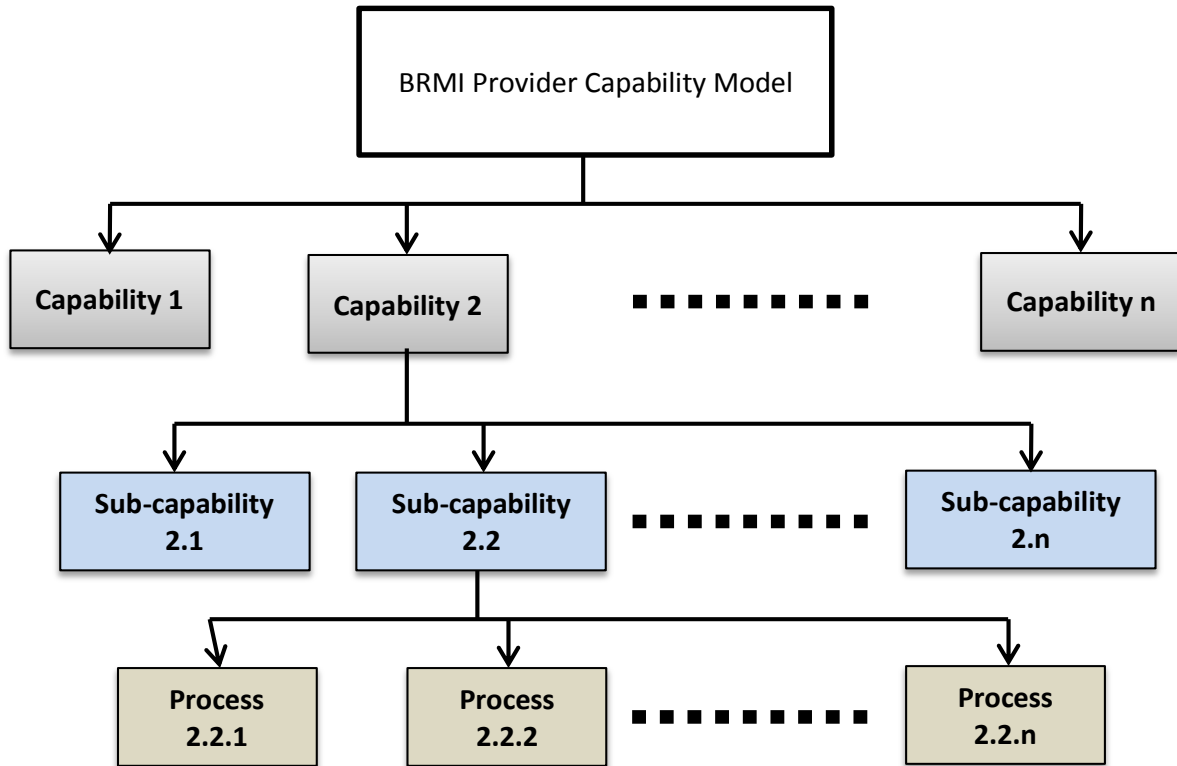
## Organisational Capability

### Definitions

	<b>Capability</b>	<p><i>“A Capability is everything it takes, both visible and behind the scenes, that makes producing a good or providing a service possible. This includes having people with the right competencies to play the roles required by defined processes and armed with useful techniques and tools, all backed by management systems that create incentives for performance and improvement.”</i></p>
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	<b>Process</b>	<p><i>“A Process outlines a structured set of activities designed to accomplish a specific objective. A process takes one or more defined inputs and turns them into defined outputs. A process may reference any of the roles, responsibilities, tools and management controls required to reliably deliver the outputs. Processes describe what to do whereas Techniques specify how to do it.”</i></p>
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## The Provider Capability Model



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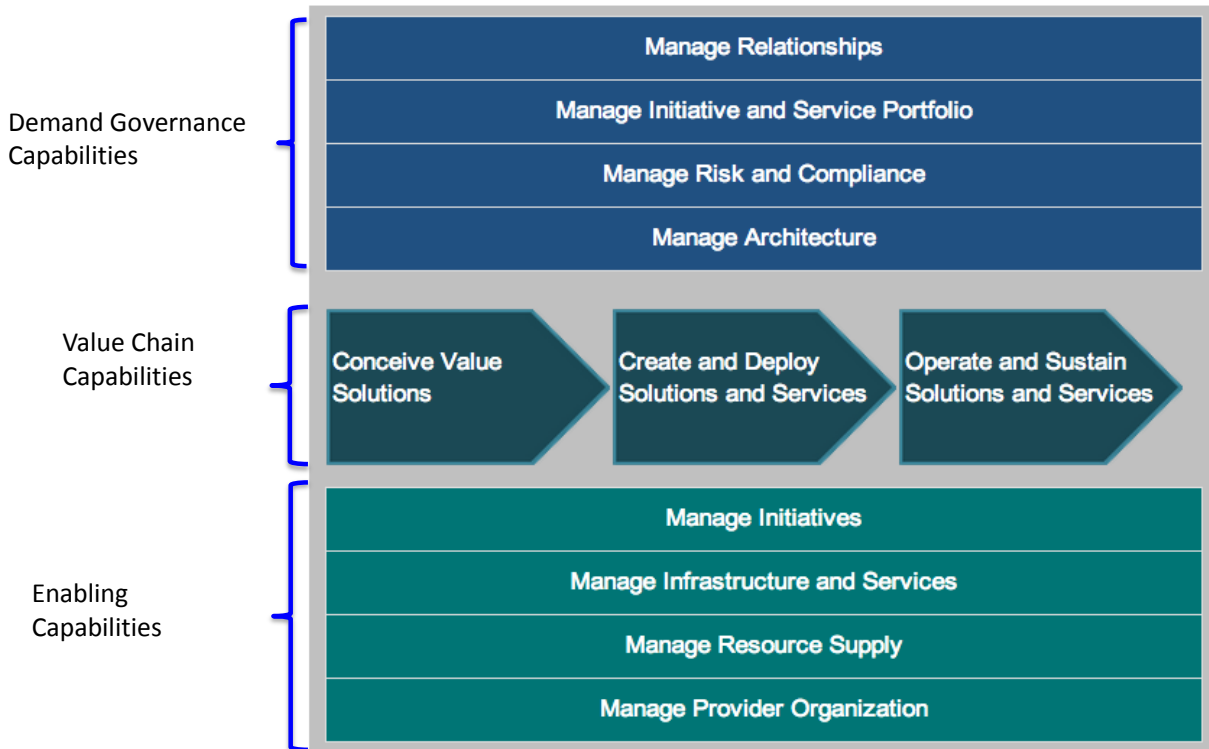
The Provider Capability Model defined by the BRM Institute is constructed from a set of capabilities and processes. The diagram above illustrates how these elements hang together.

At the top is the BRMI Provider Capability Model. This describes a set of capabilities shown in the diagram as capability 1, capability 2 and so on. Each of these capabilities may be composed of sub-capabilities as the diagram illustrates. This decomposition can be continued with sub-capabilities being composed of sub-sub-capabilities which themselves can be further decomposed.

Decomposition continues until it is no longer useful or sensible to carry it further. At some point the decomposition will reach a level where it is possible to define processes. The diagram illustrates this idea.

The BRMI Provider Capability Model is illustrated below.

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The model represents the major capabilities any organization would need to have in place where there is a business generating demand for products and services, and a Provider trying to meet that demand. These capabilities are not in themselves BRM capabilities but BRM does have a part to play in each one of them. The importance and relevance of BRM does vary across these capabilities.

For example, if you consider the 'Manage Infrastructure and Service' capability you would probably guess that BRM involvement would be limited. You might also guess that BRM would have a heavy involvement in the 'Manage Relationships' capability, and in fact BRM owns this capability.

The BRM Body of Knowledge documents the involvement of BRM in each of the capabilities shown.

The capabilities are categorized in three groups:

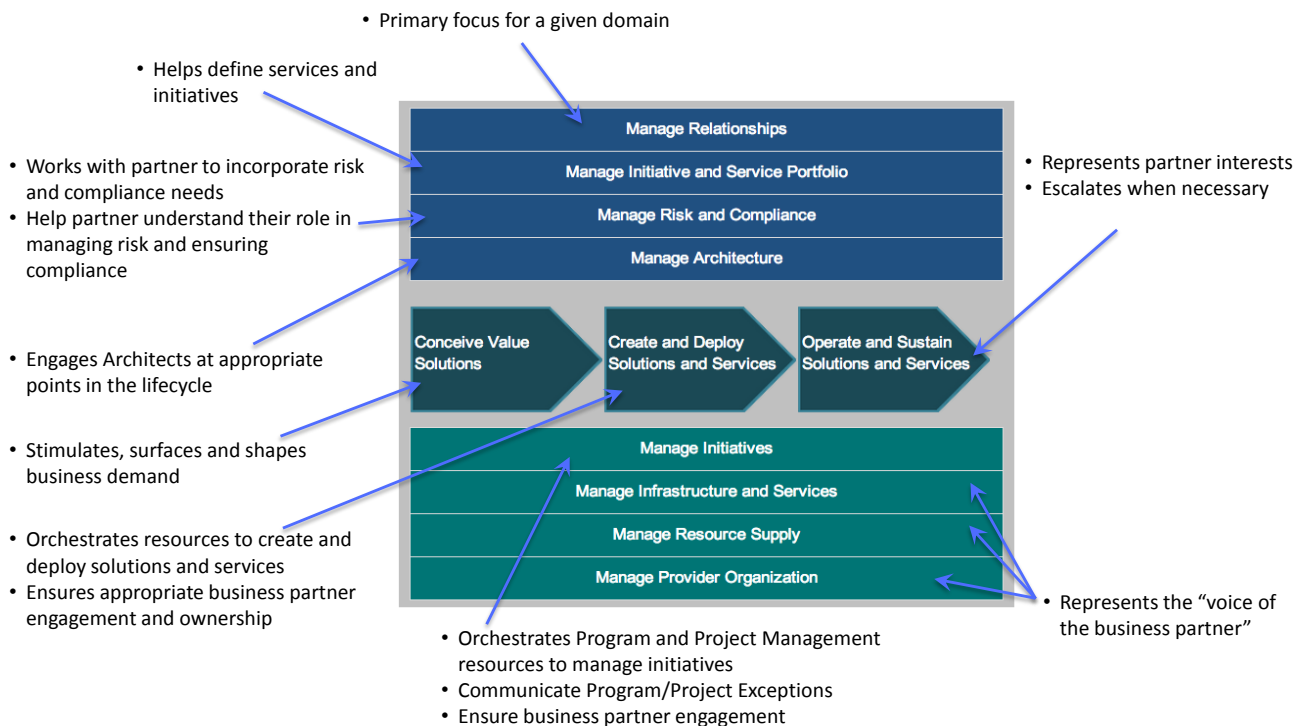
1. **Value chain capabilities** are those capabilities that provide value to the Business Partner.
2. **Demand governance capabilities** are those which are needed to manage the demand that flows into the value-chain.
3. **Enabling capabilities** are needed to enable the value-chain or demand governance capabilities. You can see in the diagram a 'manage infrastructure and services' capability; an IT infrastructure is essential for delivering IT services but does not itself generate value.



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## Typical BRM Activities



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The **Manage Relationships** capability is the primary focus for BRM.

The role of BRM in the **Manage Initiative and Service Portfolio** capability is to help to define services and initiatives. This can include helping the Business Partner articulate their requirements, for example.

In the **Manage Risks and Compliance** capability the role of BRM is first to understand the risk and compliance requirements and ensure they are addressed by the Provider. And second, to ensure that the Business Partner is fully aware of their own responsibilities. For example, to ensure that their staff comply with IT security policies.

The BRM works closely with architects and ensures that the appropriate architects are brought to the table with the business partners as early as possible, and that the business partners understand and are leveraging architecture capabilities, models and standards.

The **Conceive Value Solutions** capability is at the core of what BRM does.

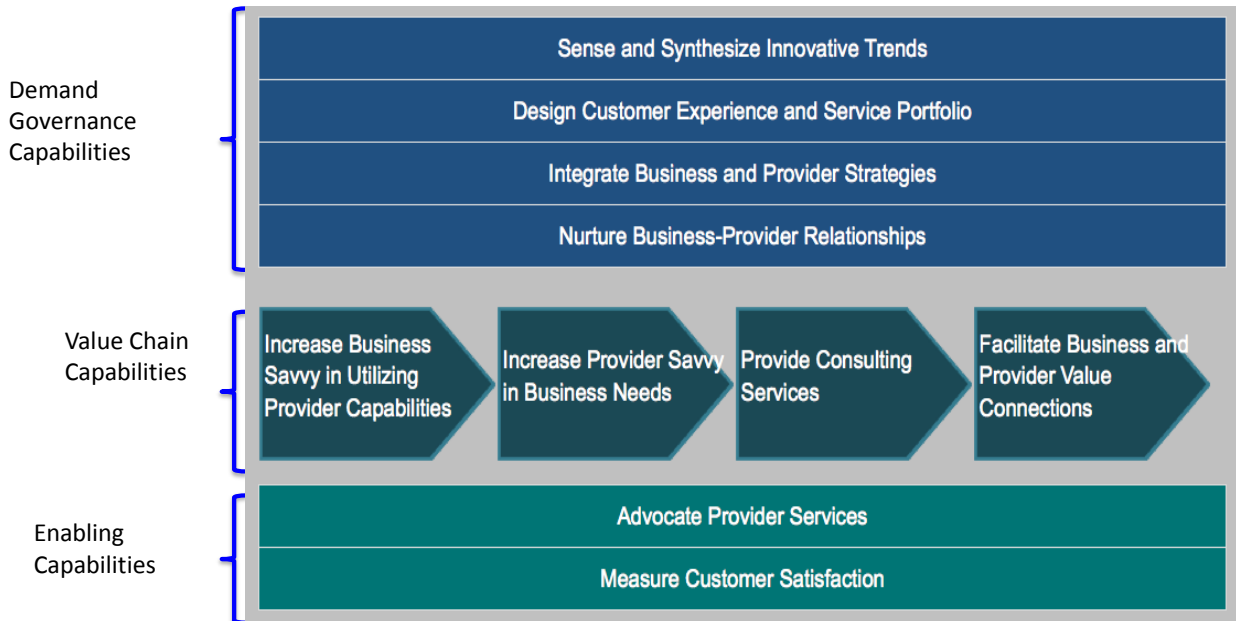
For the **Create and Deploy Solutions and Services** capability BRM once again has a role that faces both ways. It orchestrates Provider resources to create solutions, and it ensures that the Business Partner engages with Provider staff to design, test and deploy the solution.

The role of BRM in the **Manage Initiatives** capability is similar to the last capability.

BRM represents the Business Partner in the context of the remaining three enabling capabilities. And finally, in the **Operate and Sustain Solutions and Services** the BRM once again represents the interests of the Business Partner and escalates any issues as necessary.

The BRM Body of Knowledge has much more to say about the involvement of BRM in these capabilities, and in their sub-capabilities. But this course does not require such deep knowledge.

## The Manage Relationships Capability



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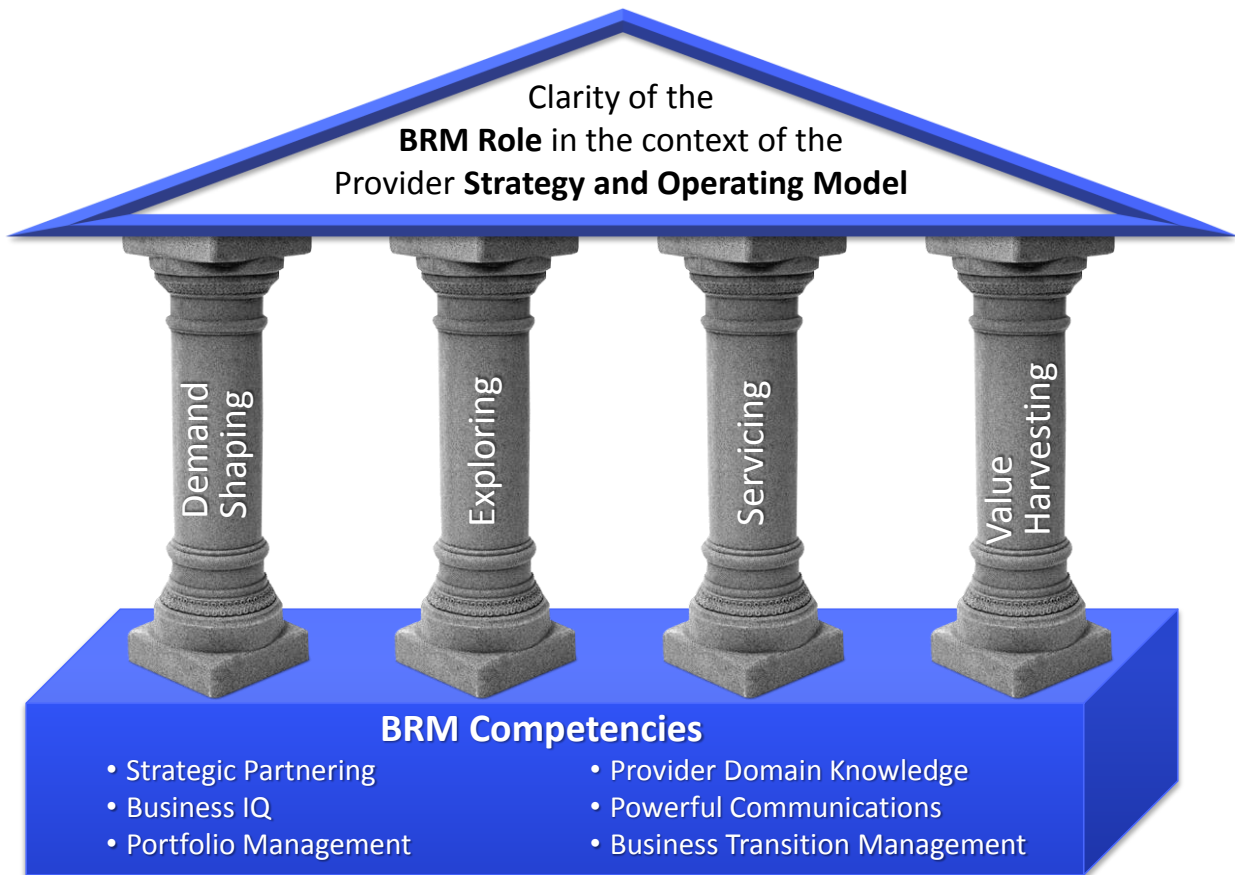
The diagram above shows the Capability Model for the **Manage Relationships** capability.

This capability has ten components. In principle these could be either sub-capabilities or processes. The notation doesn't distinguish between them.

If you drill down to each one in turn you'll find that they are all processes. Notice also that the processes are in three groups just like the grouping in the Provider Capability Model. In this case, though, the value chain refers to the value delivered to the customer of the Manage Relationships capability.

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## The House of BRM



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You can see the House of BRM in the diagram above. It's a visual means of conveying the key aspects of a successful Business Relationship Management role, discipline, and organizational capability.

- At the bottom you can see the competencies needed for effective BRM and for ensuring that it delivers value to both the Provider organization and its Business Partners. The competencies provide the foundation on which BRM is built.
- The pillars of the house define the BRM space in terms of BRM Core Disciplines—Demand Shaping, Exploring, Servicing, and Value Harvesting.
- The roof of the House of BRM protects BRM as a key aspect of Provider capability. It does this by ensuring clarity around the role, discipline and organizational capability of Business Relationship Management in the context of the Provider Strategy and Operating Model.



## The BRM Competencies



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This diagram shows BRM DNA™.

We looked at each one in turn.

1. **Strategic Partnering** competence is at the very core of the model—ultimately, it is the establishment of a strategic partnership between the Provider and the businesses it serves that is the elusive goal of Business Relationship Management.
2. **Business IQ** competence is drawn as the next ring around Strategic Partnering. One of the reasons the strategic partnership goal has been so elusive is that Provider organizations, while they understand and speak the language of their own domain (for example, Information Technology, Human Resources), often fall short in understanding and speaking the language of their Business Partners.
3. **Portfolio Management** is drawn as the next ring. To optimize value realization from a Provider's products, services, assets and capabilities, the discipline of Portfolio Management is crucial to the expression of business

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strategy and the investment/risk choices that must be made in pursuing that strategy.

4. **Provider Domain** knowledge and the associated disciplines of Service Management are drawn as the next ring because Value realization also depends upon having the right Provider services delivered in the most effective way.
5. **Business Transition Management** is the next ring because a common cause for loss in value realization is the failure to properly manage business transitions enabled by a Provider's services (such as process improvement, new business capabilities).
6. **Powerful Communications** is drawn as the outermost ring of the BRM DNA™ graphic, because all the competencies referenced in the inner rings and core depend upon this.

You will learn more about these competencies in the later modules of this course.

## The Pillars of the House of BRM – the 4 Core Disciplines

Business Relationship Management depends upon four Core Disciplines: Demand Shaping; Exploring; Servicing; and Value Harvesting.

- The **Demand Shaping Discipline** stimulates, surfaces, and shapes business demand for Provider services, capabilities, and products. It ensures that business strategies fully leverage Provider capabilities, and that the Provider service portfolio and capabilities enable business strategies. Most importantly, Demand Shaping is focused on optimizing the business value realized through Provider services, capabilities, and products—that low-value demand is suppressed while higher-value demand is stimulated.
- The **Exploring Discipline** identifies and rationalizes demand. Business Relationship Management helps sense business and technology trends to facilitate discovery and demand identification. Exploring is an iterative and ongoing process that facilitates the review of new business, industry, and technology insights with potential to create value for the business environment. The key benefit of this discipline is the identification of business value initiatives that will become part of the Provider portfolio of services, capabilities and products.

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- The **Servicing Discipline** coordinates resources, manages Business Partner expectations, and integrates activities in accordance with the Business Partner-Provider partnership. It ensures that Business Partner-Provider engagement translates demand into effective supply requirements. Servicing facilitates business strategy, Business Capability Road mapping, portfolio and program management.
- The **Value Harvesting Discipline** ensures success of business change initiatives that result from the exploring and servicing engagements. Value Harvesting includes activities to track and review performance, identify ways to increase the business value from Business-Provider initiatives and services, and initiates feedback that triggers continuous improvement cycles. This process provides stakeholders with insights into the results of business change and initiatives.

The Demand Shaping discipline is mainly performed through the Demand Governance capabilities. The other disciplines are performed mainly through the Value Chain capabilities.

	<p><b>HINT</b></p> <p>The four core disciplines apply to every capability. They ensure that the dynamics of supply and demand, and the goal of maximizing business value are always taken into account.</p>
	<p><b>HINT</b></p> <p>The six BRM competencies:</p> <ul style="list-style-type: none"> <li>▪ Strategic Partnering</li> <li>▪ Business IQ</li> <li>▪ Provider Domain Knowledge</li> <li>▪ Portfolio Management</li> <li>▪ Powerful Communications</li> <li>▪ Business Transition Management</li> </ul> <p>The four core disciplines:</p> <ul style="list-style-type: none"> <li>▪ Demand Shaping</li> <li>▪ Exploring</li> <li>▪ Servicing</li> <li>▪ Value Harvesting</li> </ul>

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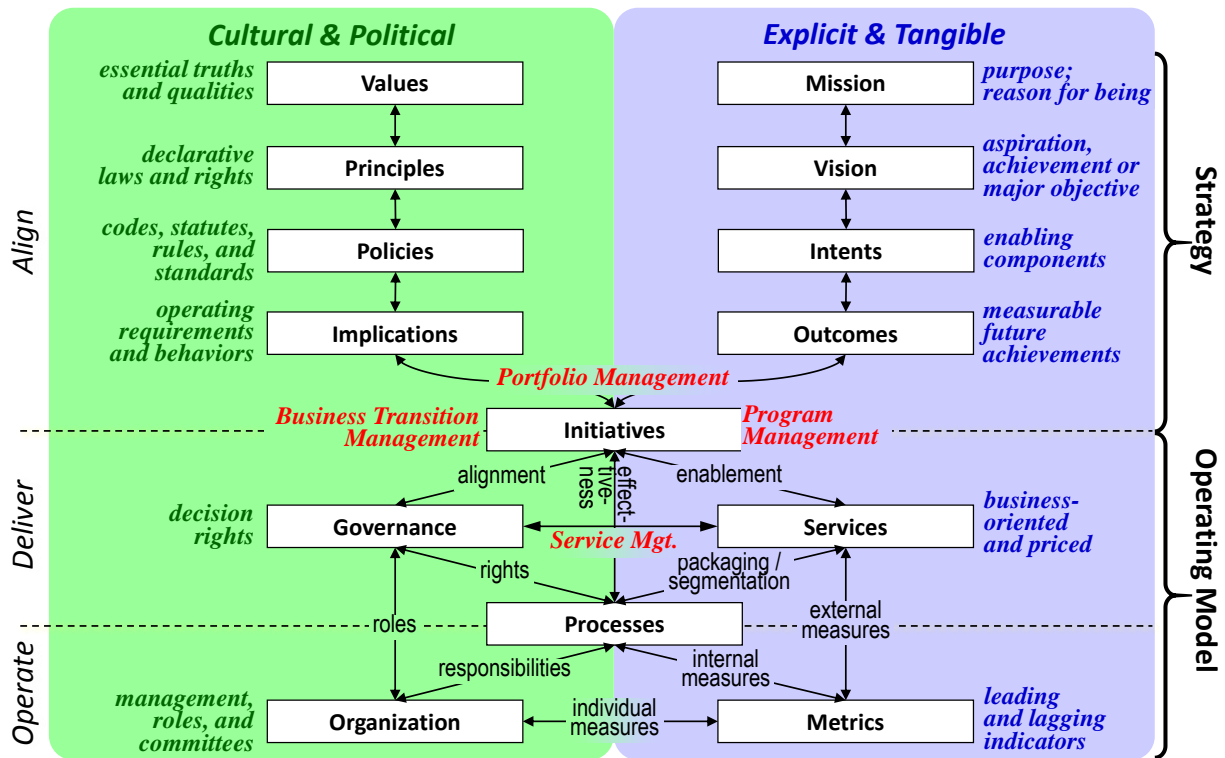
The table below shows some examples of questions that should be asked when you analyze the application of the core disciplines to a capability.

	Demand Shaping	Exploring	Servicing	Value Harvesting
Demand Governance Capabilities	<ul style="list-style-type: none"> <li>• How does demand enter into the value chain in the form that has the greatest chance of realizing value in the end?</li> <li>• How are decisions made when demand exceeds supply?</li> </ul>	<ul style="list-style-type: none"> <li>• What demand is not on the radar but should be?</li> <li>• How much can get invested in explorations and how are those decisions made?</li> </ul>	<ul style="list-style-type: none"> <li>• How do service consumers and customers become more savvy in the use of the value chain capabilities?</li> </ul>	<ul style="list-style-type: none"> <li>• How are leaks in the value chain identified and patched?</li> <li>• How do business stakeholders understand and perform their roles in realizing value?</li> </ul>
Value Chain Capabilities	<ul style="list-style-type: none"> <li>• How are demand changes dealt with after that demand has entered the value chain?</li> <li>• How do those who create demand become more savvy in the potential value of provider services and initiatives?</li> </ul>	<ul style="list-style-type: none"> <li>• How does high-level demand get broken down into workable alternatives and how is an alternative selected?</li> </ul>	<ul style="list-style-type: none"> <li>• How does the provider of value chain capabilities become more savvy in the full purpose and implications of the demand they service?</li> </ul>	<ul style="list-style-type: none"> <li>• How does an organization become resilient to changes that are necessary to realize value?</li> </ul>
Enabling Capabilities	<ul style="list-style-type: none"> <li>• How is the backlog of demand tracked?</li> </ul>	<ul style="list-style-type: none"> <li>• How can innovation coexist with ongoing operations?</li> </ul>	<ul style="list-style-type: none"> <li>• What levels of provider services maximize business value and how should those services be bundled?</li> </ul>	<ul style="list-style-type: none"> <li>• How is value measured and monitored?</li> </ul>

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## The Roof of the House of BRM



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The roof of the House of BRM protects BRM by ensuring clarity around the role, discipline, and organizational capability in the context of the Provider Strategy and Operating Model.

An Operating Model is an abstract representation of how an organization utilizes its components to deliver against its strategy thereby creating value. The diagram above illustrates an operating model and the strategy it supports.

The upper part of the diagram, labelled *Strategy*, shows the various components that together define the strategy of the Provider.

The lower part of the diagram shows the components of the Operating Model and how they interact.

## BRM in the Strategic Context

You need to make sure that you understand that the relationship between the strategy of the Provider and the strategy of the Business Partner.

If the two are a part of the same enterprise then the Provider is subordinate to Business Partner, meaning that the strategy of the provider must be aligned to that of its Business Partner. This doesn't mean that the Provider cannot influence the strategy of the Business Partner; plainly it can and should, and that is an important role for BRM.

Some examples of cultural and political issues that ought to be addressed by BRM include:

- What are the Business Partner's values and how can BRM shape them? For example, the Business Partner might wish to be seen by its customers as providing innovative goods and services, or being quick to market with new products and services.
- What principles drive decision-making and how can BRM influence them? For example, IT investments are optimized for the enterprise as a whole, not for a specific business unit.
- What policies determine how the business partner uses the Provider's services? For example, a complete business case must be provided for every initiative
- What are the implications of the policies? For example, the BRM will help the Business Partner to develop a business case but it's owned by the business not the Provider.

Here are some examples of explicit and tangible strategic issues that must be addressed by BRM:

- What is the Provider's mission and how does BRM support it. For example, the mission could be to keep the enterprise running and growing
- What is the Provider's vision for how it will help the business to achieve its goals and how does BRM fit into this? An example of a vision statement is 'we are the provider of choice for everyone in our company'
- What are the Provider's strategic intents and how does the BRM support of enable these? An example of a strategic intent is 'to increase Provider agility and cost-effectiveness'

- What are the business outcomes that are to be realized and how does BRM ensure they are achieved? For example, 'to grow market share by 20% within two years'

## **BRM and the Provider Operating Model**

The involvement of BRM in the Provider Operating Model includes:

- What initiatives are needed by the business partner, and how does the BRM stimulate, surface, and shape demand for those initiatives? For example, strategy road mapping and value management
- What services does the Provider deliver to the business and how is the BRM involved? For example, strategy road mapping and process innovation
- How are Business-Provider relationships governed? For example, by an Enterprise Governance Board and a Portfolio Review Board.
- What processes does the Provider need to deliver those services and how is the BRM involved? For example, discovery & innovation and solution delivery
- How are BRMs organized and what other roles do they fill? For example, part of the Program Management Office, a stand-alone group, or part of the Portfolio Manager role
- How are Business Value and BRM effectiveness measured? For example, business value, availability, business partner satisfaction

## The Business-Provider Maturity Model



### Business- Provider Maturity Model

*"The Business-Provider Maturity Model is a way to help surface and understand the growth in maturity of business demand for Provider services and capabilities, and a Provider organization's maturity of supply capabilities needed to both satisfy and shape that demand."*

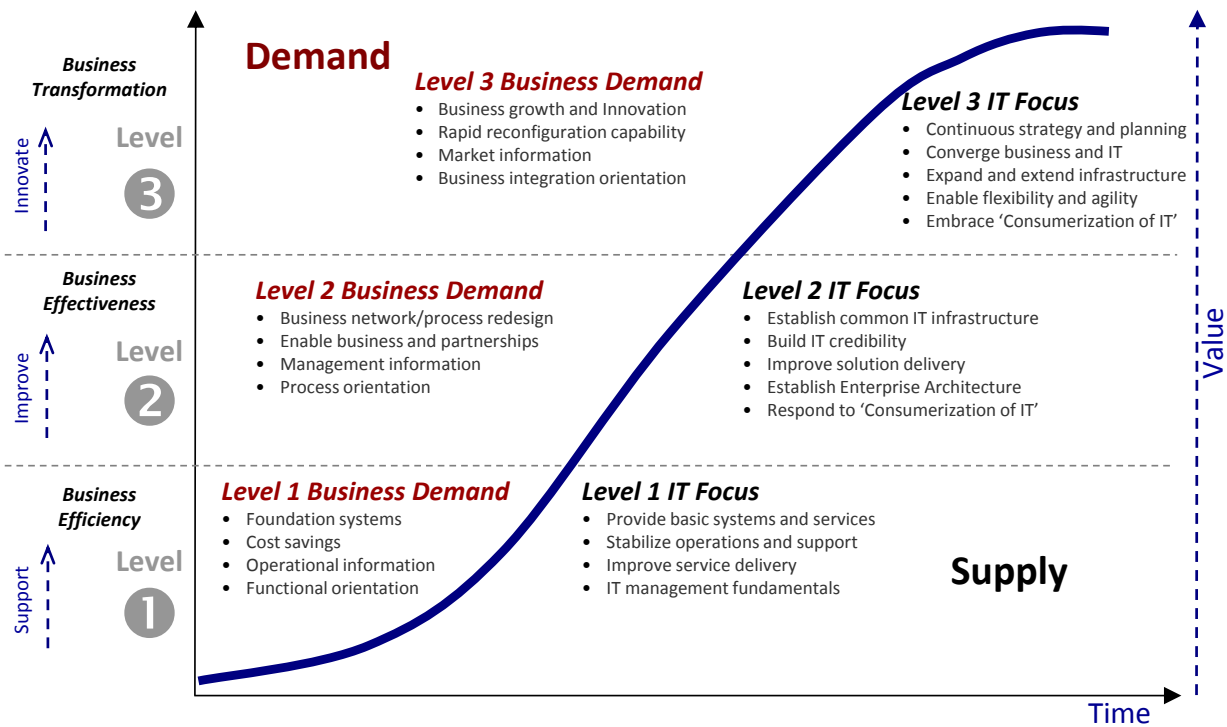
In simple terms it's a means of understanding supply and demand: the business's demand for services and the provider's ability to satisfy that demand. It can reveal patterns of interdependencies and disconnects between demand and supply over time.

Other maturity assessments are very IT-centric; they focus on the ability of the Provider to satisfy demand from the business. The big idea underpinning **this** maturity model is that it's also essential to assess the ability of the business to exploit IT.

The Model is used both as a diagnostic tool to surface the maturity of business demand for Provider services and capabilities, and of Provider supply capabilities. And also as a means of driving a dialogue about business demand and Provider supply maturity and how these are evolving. The model can be used for an enterprise as a whole or for a given business unit or Provider capability unit.



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The diagram above shows an example of the Model for a Provider of IT services. You can see that it takes the form of an S-shaped learning curve. This is a very effective means of communication and of tracking changes in maturity over time.

The choice of the number of maturity levels will depend on circumstances and context. In this example the model shows three levels of maturity which has the advantage of simplicity.

You'll see that to the area to the left of the s-curve represents the maturity of the business demand for IT services. This demand includes, for example, the appetite of the business for IT services and its ability to exploit IT services and new technologies for business benefit. The characteristics of business demand at each of the levels are documented on the diagram.

The area to the right of the curve represents the maturity of supply. This represents the ability of the IT Provider to satisfy and stimulate business demand

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for its services. The goals of Provider supply at each level are documented in the diagram.

These goals and characteristics are cumulative as you go up the curve. As an enterprise moves from maturity level 1 to maturity level 2 it acquires level 2 Provider goals and retains the level 1 goals.

## Level 1 Business-Provider Maturity

Business demand at level 1 is focused on efficiency and reducing the cost of doing business. Most IT services are used to support and automate clerical tasks; for example payroll, sales order processing and billing. Data and information requirements are very much of an operational nature – what was the value of sales last month?

At level 1, demand for IT services tends to come from individual business units or perhaps geographical locations for limited tactical purposes. The enterprise has no holistic approach to IT; rather it operates as a set of independent silos. From the IT supply perspective, the focus is on providing the basic services and developing an infrastructure that will help the Provider to deliver a stable, reliable service. Because of the fragmented nature of the demand, the services tend to focus on specific business units and the provider often has to work to connect disparate databases and applications.

## Level 2 Business-Provider Maturity

At Level 2, business demand evolves from a focus on business efficiency to effectiveness. It typically becomes more cross-functional since achieving business effectiveness often requires functional silos to work together with end-to-end processes (e.g. order to cash).

So Level 2 demand has more to do with business integration than simple functional performance. And integration extends beyond corporate boundaries, relying on information exchange and closer operating coordination with key customers and suppliers.

The demand for information at Level 2 shifts from simply operational data to management information—Who are our most profitable customers? Who are our most critical suppliers?

IT supply at Level 2 focuses on enterprise systems, such as ERP and CRM. At this level, services to enable and support the effective use of enterprise systems become important—capabilities such as Data Warehousing and Business Analytics. Communications networks tend to open up, with specific gateways to

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the Internet and more general inter-enterprise connections for electronic commerce.

A key activity at Level 2 is building a common infrastructure of hardware, software, databases and information management tools thereby reducing redundancy and reliance on custom interfaces, and lowering IT costs. IT sourcing shifts to a more flexible and integrated approach, with a limited set of strategic partners.

Often, Level 2 sees commodity IT services being outsourced. ITs automation goals shift from basic transaction processes to business process improvement and re-engineering. That means IT competencies shift in balance from technical to business process orientation, with business analysis and relationship management as important disciplines.

At Level 2, the Provider's goal is to improve solution delivery in order to become more efficient, effective and agile in meeting business needs for solutions.

## Level 3 Business-Provider Maturity

At maturity level 3, business demand shifts in focus from effectiveness to innovation and growth. The appetite for information expands to include business and market intelligence, based on more extensive data and sophisticated analytics; for example 'What customer segments offer the greatest potential for greater share?'

The business appetite for IT is to enable agility. In order to connect with a fast-changing environment, to innovate quickly and seize opportunities, a business must have all of its critical assets (people, processes, technology, and partners) structured and managed as an easily reconfigurable portfolio of capabilities. That's the architecture of business agility—one that IT has a crucial role in enabling.

At Level 3, IT supply is focused on strategic and technology-driven business capabilities—putting information and technology to use at the heart of the company's value proposition and leveraging technology as the catalyst for marketplace differentiation. Communications networks are largely open in order to flexibly connect with the larger ecosystem.

The corporate infrastructure evolves to be a more agile platform, with standard interfaces and capabilities opened to Business Partners. IT services and capabilities are sourced wherever the best price/ performance may be, sometimes halfway around the globe. Again, the emphasis is on flexibility to facilitate rapid creation, scaling, and dissolution of services; for example

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Software as a Service, Platform as a Service, and Infrastructure as a Service.

At Level 3, the Provider's goal is help the business innovate and grow.

## Moving up a Level

Now let's think about what's involved in moving up to the next maturity level.

The first thing to appreciate is that it won't happen just by getting better at what you already do. To reach the next level both the business and the provider have to do some things differently; they have to do some new things; and they may have to unlearn some old ways of thinking and working.

Moving from one level to the next typically involves new methods and techniques. But more challenging than that, it involves adopting new mind-sets, ambitions, and values.

Both the business **and** the provider have to change. Business demand and Provider supply are interdependent. A low maturity supply organization tends to limit business demand whereas high supply maturity tends to stimulate demand—introducing innovative ideas and opportunities, for example.

Similarly, high business demand tends to drive high supply maturity, while low business demand suppresses supply maturity. As such, demand maturity and supply maturity are rarely more than one-half step or so out of synchronization. If the gap between supply and demand widens beyond one-half step, there is usually a major intervention, such as replacing the head of the Provider organization (for either over-building or under-building supply capabilities) or wholesale outsourcing of Provider capabilities.

Level 3 creates business possibilities that don't exist at lower levels. At Level 3, powerful, agile IT capabilities exist across the company, reinforced by leadership vision, collaboration and excellence in management processes and disciplines.

## Implications for BRM

As the maturity level rises the role of BRM changes from being tactical to being strategic.

At level 1 BRM is mainly concerned with Service Management issues such as Service Level Management. The focus is on delivering quality services reliably and consistently – supply management. Getting this right is the essential precursor to assuming a more strategic role – if IT can't deliver the basics, it won't have credibility in the business. At this level the Business Relationship Manager is working with mid-level business managers.

As maturity improves to level 2 the Business Relationship Manager comes to be seen more as a trusted advisor and begins to adopt a more strategic role.

At level 3 the Business Relationship Manager is operating at a strategic level and should be seen as a trusted partner. At this level the Business Relationship Manager is likely to be a senior member of the Provider organization and will work with senior executives and heads of business units.

It's important to maintain a clear distinction between the tactical and strategic roles. Someone operating at the tactical level will be seen by the business as a technical resource and will be unlikely to have the credibility to operate at the strategic level. In practical terms this means that there will be at least two distinct roles, with different titles, and occupied by different people.

## The Business Relationship Maturity Model

### Introduction



### Business Relationship Maturity Model

*“The Business Relationship Maturity Model (BRMM) is a way to help surface and understand the maturity of the relationship between a Provider (e.g. internal IT organization) and their Business Partner.”*

Some people get a little confused here - this is about the maturity of the *relationship* between the Provider and its Business Partners; it is **NOT** about the maturity of Business Relationship Management.

A business relationship of course involves both the Provider AND the Business Partner; an assessment of the maturity of that relationship must take into account both perspectives.

Also don't confuse it with the Business-Provider Maturity Model – that model is about supply and demand.

### The 5 Maturity Levels

The Business Relationship Maturity Model recognizes five levels of maturity each with a descriptive tag.

The lowest level of maturity is Level 1 or *ad hoc*. Next comes Level 2 or Order Taker. After that is Level 3 or Service Partner. Then Trusted Advisor at level 4. And finally at the top, Level 5 or Strategic Partner.

Level 1 to level 5 is actually a continuum; it's **useful** for us to define these five levels but you should recognize that the level boundaries are fuzzy and indistinct.

## Level 1 Maturity

At level 1 the relationship can best be described as *ad hoc*.

At this level demand from the business is likely to be unmanaged – the business will expect all demand to be met and the provider will do its best to satisfy that demand.

There are unclear rules of engagement – the business won't know how to go about getting something done; there are probably no structures for discussing issues of mutual concern.

IT organizations at level one have poor or non-existent Service Management capabilities. They will rely on best efforts and appear confused and unprofessional to the business.

Finally, at this level there is no clear sense of Provider service cost or value.

## Level 2 Maturity

A level two relationship may be described as 'order taker'.

At this level an attempt is made to prioritize demand from the business but it's based upon weak or subjective data. The relationship between the provider and the business is antagonistic, and frequent misperception builds distrust on both sides. The Provider is reactive and doesn't challenge business requests. IT will provide advice to the business but only if asked. And at this level there is insufficient quality data to support cost or value analyses.

## Level 3 Maturity

At maturity level three we have a 'service partner relationship'.

The day to day delivery of services is satisfactory but innovation is a challenge. At level three there are clear processes for engagement—at least for steady state services. Operational services are delivered consistently and reliably but delivery of major projects is erratic – they often come in over budget or late. At this level Business Partners understand the importance and value of Service Management and contribute as necessary.

By now the Provider understands its costs and is able to relate these to individual services. But it's still not possible to quantify the value of each service; it's still a subjective judgment call. There is, though, a recognition of the need to better understand value and therefore the beginnings of an investment mind-set.

## Level 4 Maturity

At level four the relationship is one of cooperation based on mutual respect and understanding. The Provider is seen as a Trusted Advisor.

At this level there is a mutual understanding and appreciation of capabilities and needs; the provider's service portfolio is appropriate to the needs of the business; the Provider is full engaged in the Business Partner's Decision Cycle; and there is an increasing sense of value from investments in Provider services and capabilities.

## Level 5 Maturity

Finally at level five the Provider becomes a Trusted Partner of the Business, with all that that implies.

The two have common goals with a focus on realizing business value. There is clear accountability for achieving value from investments in Provider services and capabilities.

Risks and rewards are shared.  
There is quality data to support value analyses.  
The capabilities of the Provider have converged with those of the business.  
And there is an innovation process in place to leverage emerging technologies.



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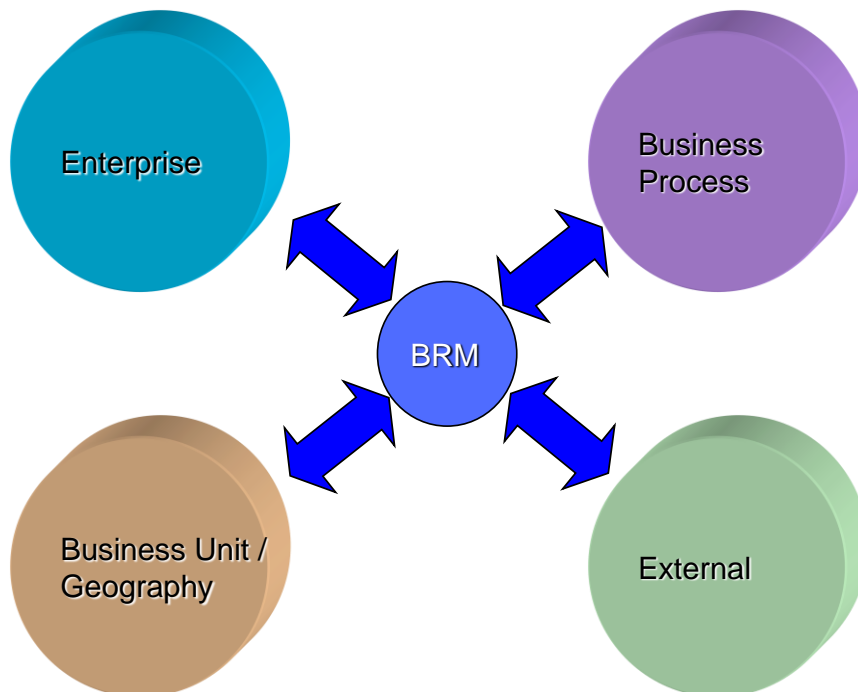
## Organising BRM

The organization of BRM will depend very much on the specifics of the enterprise; there is no one way to do it. What we can do here is show some common ways of approaching the issue.

Some common reporting relationships for BRM include:

- Solid line to Provider lead, dotted line to Business Partner lead
- Dotted line to Provider lead, solid line to Business Partner lead. While most Business Relationship Managers are a part of the Provider organization there some cases where they are part of the Business Partner's
- Some BRMs report to Provider Strategy lead, or Architecture lead, or Program Management Office

If we look at how many BRM staff there are and how they are organized, once again we'll find a lot of options. From a simple, small organization with a single person in the role to multiple level teams with members operating at different levels in the organization.

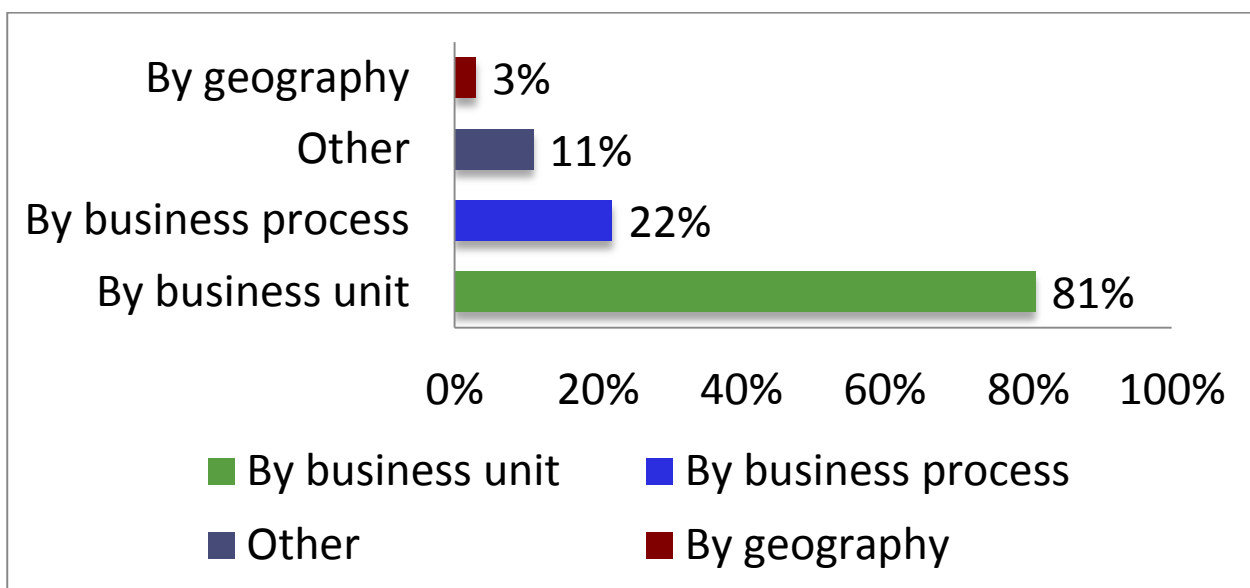


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The earliest BRM model was as a bridge between a business unit, such as sales or manufacturing, and an IT organization. As businesses have become more process-centric, it is common to see a BRM bridging between an end-to-end business process such as procure-to-pay and a Provider such as IT. Some BRMs operate at an Enterprise level. The Enterprise BRM role is often an implied role for a Provider head such as a CIO.

You can see these options in the diagram above. It also shows BRM linking with an external organization. This may be necessary where the business has forged a partnership with another business for some purpose.



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This diagram shows the results of a survey run by the Business Relationship Management Institute. It shows how enterprises align BRM with the business.

You'll notice that the percentage values do not add up to 100%. This is because an enterprise can adopt a variety of alignment principles to suit its particular circumstances. For example, a global enterprise might have Business Relationship Managers dedicated to each of its Business Units and others who are dedicated particular geographic locations.

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