

SELF-STUDY GUIDE

# ITIL<sup>®</sup> 4 STRATEGIST: DIRECT, PLAN AND IMPROVE

The logo features the text "ITIL<sup>®</sup> 4" in a bold, white, sans-serif font. The text is centered within a series of concentric white circles. A bright, radial light effect emanates from behind the text, creating a glowing effect. The background is a solid purple color with faint, larger-scale concentric circles and a lens flare effect in the upper right corner.

ITIL<sup>®</sup> 4



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*ITIL® 4 Strategist: Direct, Plan and Improve - Self-Study Guide | r1.0.0*

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- ITIL® Foundation (ITIL® 4 edition)
- ITIL® 4 Specialist: Drive Stakeholder Value
- ITIL® 4 Specialist: High Velocity IT
- ITIL® 4 Specialist: Create, Deliver and Support

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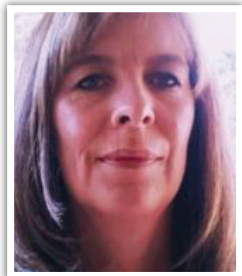
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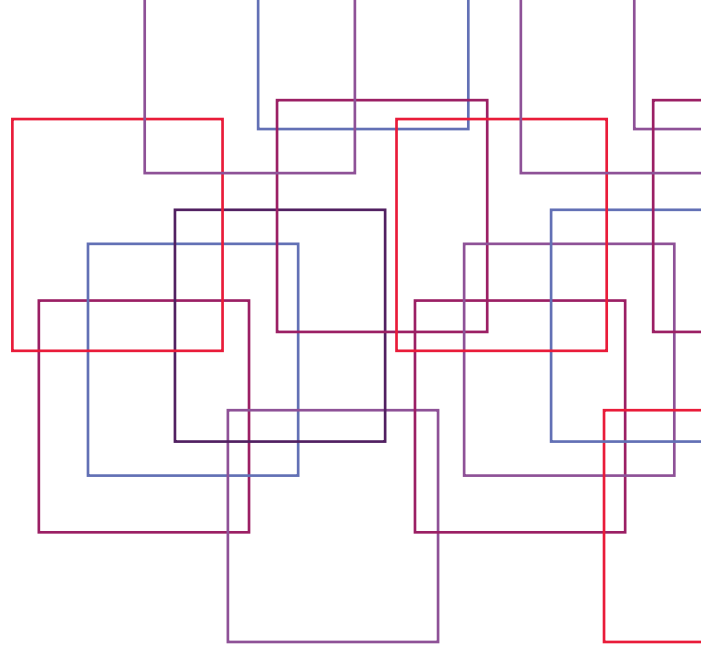
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# 1



## COURSE INTRODUCTION

### Course Overview

The ITIL® 4 Strategist: Direct, Plan and Improve course is based on the ITIL® 4 Strategist: Direct, Plan and Improve candidate syllabus from AXELOS. The course provides the practical skills necessary to create a “learning and improving” IT organization, with a strong and effective strategic direction. With the help of ITIL® 4 concepts and terminology, activities, exercises, and examples included in the course, you will acquire relevant knowledge to pass the ITIL® 4 Strategist: Direct, Plan and Improve certification exam.

The ITIL® 4 Strategist: Direct, Plan and Improve course is designed to provide practitioners with a practical and strategic method for planning and delivering continual improvement with necessary agility. It is aimed at managers of all levels involved in shaping direction and strategy or developing a continually improving team. It will cover both practical and strategic elements. Therefore, it is the universal module, that will be a key component of both, ITIL 4 Managing Professional and ITIL 4 Strategic Leader streams.

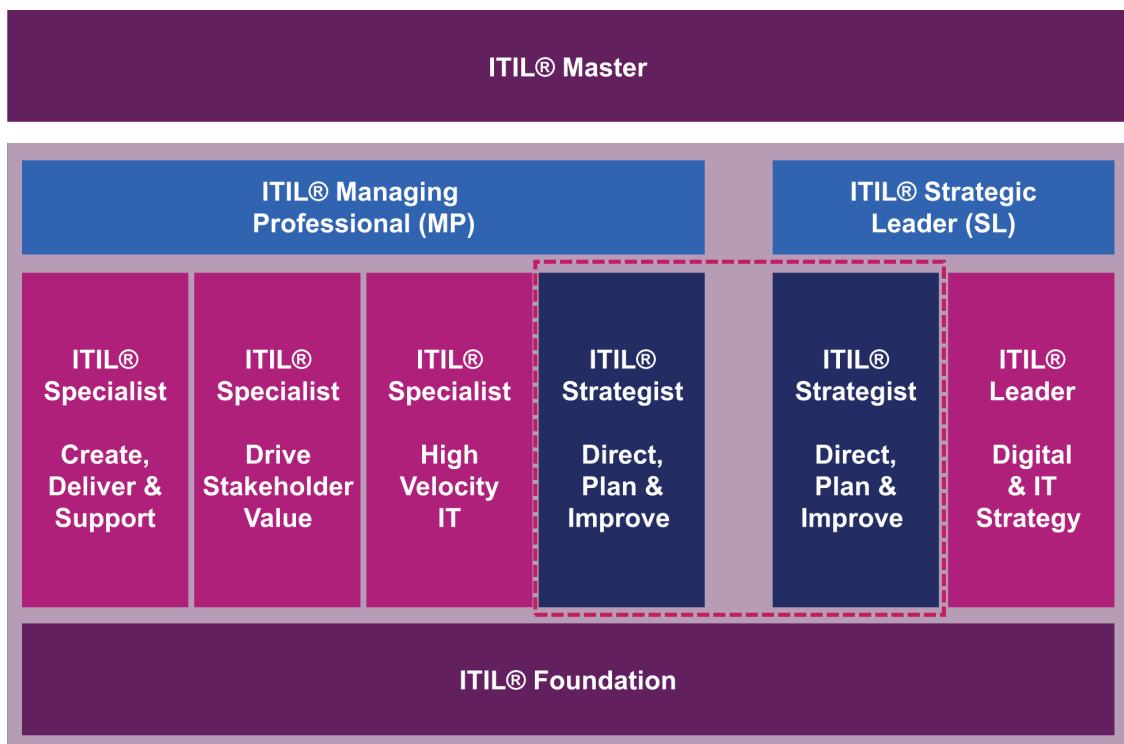
## Course Learning Objectives

At the end of the course, you will be able to:

- Understand the key concepts of direction, planning, improvement.
- Understand the scope of what is to be directed and/or planned, and know how to use key principles and methods of direction and planning in that context.
- Understand the role of GRC and know how to integrate the principles and methods into the service value system.
- Understand and know how to use the key principles and methods of continual improvement for all types of improvements.
- Understand and know how to use the key principles and methods of Communication and Organizational Change Management to direction, planning and improvement.
- Understand and know how to use the key principles and methods of measurement and reporting in direction, planning, and improvement.
- Understand and know how to direct, plan, and improve value streams and practices.

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## ITIL® 4 Certification Scheme





The ITIL® 4 Strategist Direct, Plan and Improve module is common to both streams: Managing Professional and Strategic Leader. you need to pass the related certification exam for working towards the Managing Professional (MP) designation or the Strategic Leader (SL) designation.

## Course Components



Course Modules



Exam Information



Additional Components

## Exam Details

At the end of the course, an exam will be conducted. The exam details are:

- **Bloom Level:** 2 and 3
- **Exam Format:**
  - Close Book format
  - Web-based and paper-based
- **Questions:** 40 Multiple Choice Questions (MCQs) of 1 mark each
- **Passing Score:** 70% (28 marks out of 40)
- **Exam Duration:**
  - 90 minutes
  - 25% extra time for non-native English speakers (113 minutes in total)
- **Proctoring:** Live/Webcam

After completing this training, you will be planning to take the ITIL® 4 Strategist Direct, Plan and Improve certification exam. To give you an idea about the certification exam, **sample paper** (or mock exam) is included within the course.

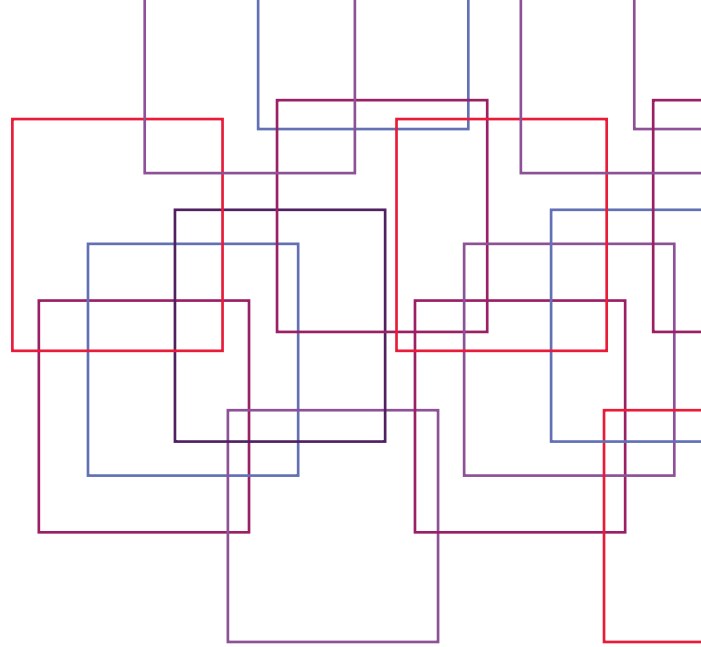
### INFO

#### Sample Paper

The latest sample paper is included in the course during its development. AXELOS might come up with a newer version of sample paper.

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# 2



## CORE CONCEPTS OF DPI

### Key Terms Covered in the Module



#### **Scope of control**

The area(s) or activities over which a person has the authority to direct the actions of others or define the required outcomes.

#### **Directing**

Leading, conducting, or guiding someone or ordering something. Setting and communicating vision, purpose, objectives, and guiding principles for an organization or team. It may include leading or guiding the organization or team towards the objectives.

#### **Vision**

A defined aspiration of what an organization would like to become in the future.

#### **Mission**

The overall purpose and intentions of an organization.

#### **Objective**

Earlier editions of ITIL defined an **objective** in this way: “The outcomes required from a process, activity or organization in order to ensure that its purpose will be fulfilled. Objectives are usually expressed as measurable targets. The term is also informally used to mean a requirement.”

#### **Policy**

Formally documented management expectations and intentions, used to direct decisions and activities

#### **Guideline**

A recommended practice that allows some discretion or leeway in its interpretation, implementation, or use.



### **Risk**

A possible event that could cause harm or loss, or make it more difficult to achieve objectives. Can also be defined as uncertainty of outcome, and can be used in the context of measuring the probability of positive outcomes as well as negative outcomes.

### **Control**

The means of managing a risk, ensuring that a business objective is achieved, or that a process is followed.

### **Strategy**

Strategy is the broad approach or course of action defined by an organization for achieving their objectives.

### **Tactics**

Tactics are the specific methods by which a strategy is enacted.

### **Operations**

Operations comprise the routine running and management of activities, products, services, or other configuration items.

### **Methods**

A method is a way, technique, or process of doing something. Methods are structured and systematic.

### **Improvement**

The act of enhancing something in value or quality; making something better.

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Let's discuss a little more about the key terms.

- Direction is usually given at the board level to provide clarity to all stakeholders and ensure the right activities are done to fulfil the direction.
- A vision is always focused towards the future desirable state, for example, “we want to become the leader in 20xx.”
- A mission explains the values and norms of the organization.
- Everybody in an organization should follow policies, for example, security policies.
  - **An example of security policy:** Do not leave your laptop in the trunk of your car.
  - **Consequence of not following this security policy:** The laptop can be stolen easier.
- Guidelines are generic recommendations you usually follow. These are not mandatory to follow.
- Risks always relate to the future. When a risk occurred, it is not a risk anymore; then, it becomes an issue or incident.

- You use controls to keep your risks under control. The dashboard in your car is an example of controls.
- When an organization set its goals and objectives, the strategy gives you an overall approach how to reach these goals and objectives.
- Tactics helps identify tasks to be performed to follow the strategy and realize the set goals and objectives.
- Operations helps identify ways to perform the necessary activities in the right way.

## Module Learning Objectives

At the end of this module, you will be able to:

- Explain the key concepts and the various mechanisms of effective direction.
- Explain the key concepts of planning and its role at multiple levels in an organization.
- Describe the importance of bringing new changes and its relation to improvement.
- Discuss the role of other core elements that contribute to value co-creation and their relationship with DPI.

## Topics Covered

- Basics of Direction
- Basics of Planning
- Basics of Improvement
- Other Core Elements

## BASICS OF DIRECTION

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### Defining Direction

Direction gives teams guidance for the journey and helps give shape to the plan of action.

“If you don’t know where you are going, any road will get you there.”

By Lewis Carroll, The Author of Alice’s Adventures in Wonderland

**FOOD FOR THOUGHT**

#### Direction

Direction plays a major role when travelling from one place to another. How? Think about it!

People can complete their journey only if they are clear about their next move (action). If they can answer: “Where do I/we need to go?,” they can easily identify the right path to get on their journey. Direction helps people to have that clarity about their actions.

**Example:**

Consider a film-making scenario. What role does the Film Director play? He/she is a person who directs the making of a film. He/she is responsible for directing the technical crew and actors to fulfil the vision. The Director guides the actors to their best performances and orders all the details of the production to serve the story.

An organization without a clear direction is similar to a sailing ship without a clear destination and route. Spending a lot of time, resources, and money is useless when you do not know where to go. Board of directors play an important role here. They provide the required directions based on the needs of the various stakeholders.

IT organizations that are a part of a bigger organization usually gets the direction from their parent organization. As a result, they are governed by their parent organization. However, the IT organization itself has to provide a clear direction to their own organization to align themselves on the direction provided by the board.

**Giving and Taking Directions – The Benefits**

Individuals who direct people or things in an organization are formally given that authority. They are recognized as someone who are responsible for clear direction. Organizations provide that authority to some people due to several benefits.

**Benefits of Direction**



Let's discuss the benefits in little detail.

- **Team Focus:** One of the primary key of a high-performing team is focus. Lack of teams focus can lead to rework, restarts, and delays. Clear directions helps team to bring a constant focus on their goal and priorities.
- **Known Expected Outcomes:** A clear direction enables a team to know about the outcomes that are expected from them, and how they are expected to work along the way.
- **Guiding Principles:** Good direction also includes defining appropriate guiding principles (or recommendations). These principles enable people to make directionally-correct decisions more quickly and with greater autonomy.

- **Clarity on Actions:** Clarity on actions means what a team is expected to work, what are the next steps, and how are they expected to proceed further? A good direction provides sufficient clarity on these and enables the team to proceed in the right direction.
- **Flexibility for Unique Contribution:** Good direction with the required clarity on actions enables a team to know about the scope and the flexibility for making unique contribution.
- **Space for Creativity:** A result that meets the set standards/ characteristics required to create a successful result is essential. A good direction enables team to produce the desired result by make unique contribution and creativity.

Based on the scope of control, employees should have the freedom to think about their own direction, aligned to the organizational direction. By providing the right scope of control, the organizations enable employees to answer most of the “how to...” questions by themselves; identify required solutions; and make required decisions at the right time.

### **Giving and Taking Direction – The Requirements**

You just learned about the several benefits or characteristics of direction. It all depends on how effective are you in directing someone or your team. An effective direction requires:

- Explaining the mission clearly to the team
- Respecting the abilities of those being directed
- Ensuring two-way communication
- Making required adjustments to make the initiative move forward
- Communicating the WHAT and WHY behind the changes in a way that the team can understand
- Enabling the team how to modify their work and make required adjustments to align with the changes

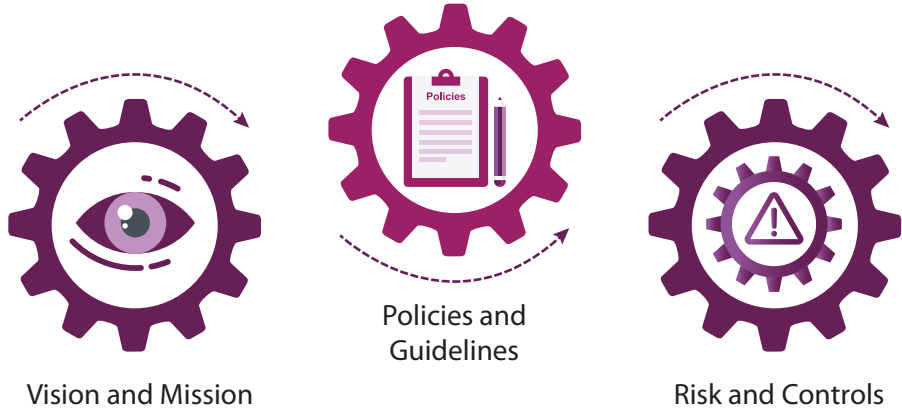
Getting the people on board is key to ensure they are going to be a part of the solution. If organizations do not involve the team members, they will have the high risk of facing people’s resistance, such as negative energy and waste of time, resources, and costs. Therefore, involving team members is essential to:

- Make the entire team understand the WHAT and the WHY behind the direction to encourage them to accept the change and enable them to work in the right way.
- Influence the team to work on the HOW part to realize the change. Do not push the solutions down their throat.

### The Mechanisms

To become effective in directing, you have to meet a lot of requirements visible or invisible, said or unsaid to meet the team’s expectation and provide clarity. Organization can provide directions using a number of ways or mechanisms.

#### Mechanism for Effective Direction



#### INFO

#### evaluate, direct, and monitor

The evaluate, direct, and monitor construct focuses on defining direction and behaviors basis the agreed objectives, which are further used to monitor performance.

#### Example:

One of the examples of directing people in organizations is the construct - **evaluate, direct, and monitor**.

### Mechanism #1: Vision and Mission

Vision	Mission
<p>A clearly defined vision statements is a source of inspiration for the people of an organization that helps them:</p> <ul style="list-style-type: none"> <li>■ Understand why the organization works the way it does.</li> <li>■ Know about the future (or the road map to company’s growth).</li> <li>■ Maintain enthusiasm.</li> </ul>	<p>A well-articulated mission statement lets people of an organization know about its overall goal that helps them:</p> <ul style="list-style-type: none"> <li>■ Understand why it exists.</li> <li>■ Know about what the company needs to do now (the present).</li> <li>■ Be clear about the desired level of performance (what to focus on and where to spend efforts).</li> </ul>
<p>Developing an effective vision statement requires answering the following questions:</p> <ul style="list-style-type: none"> <li>■ What do we want to do going forward?</li> <li>■ When do we want to do it?</li> <li>■ How do we want to do it?</li> </ul>	<p>Developing an effective mission statement requires answering the following questions:</p> <ul style="list-style-type: none"> <li>■ What do we do today?</li> <li>■ For whom do we do it?</li> <li>■ What is the benefit?</li> </ul>

The first point of getting required direction comes from the **vision and mission statements** at organizational level, team level, or even at individual level.



“From the company’s point of view both the statement are essential for its survival and growth. The Vision and Mission Statement are closely interrelated. The mission is made by the company keeping the vision in mind. Therefore, we can say the vision is the effect, and the mission is its cause. The Mission Statement is a sort of representative one while the Vision Statement is predictive. Both the statements must be clear, complete and correct in all respects as the whole future of the company depends on these two.”

Source: The quoted text is from <https://keydifferences.com/difference-between-vision-statement-and-mission-statement.html>.

### Similarities:

Both are statements for the company. The vision is more focussed towards the future, while a mission describes its core purpose, identity, values, and principles.



### vision and mission statements

- A mission statement talks about decision-making of an organization and guides their people about the day-to-day operations.
- A vision statement defines the worldview of an organization in a fascinating way with the purpose to attract its people and stakeholders.

### Examples:

#### Hertz Global Holdings Vision Statement:

“We will be the first choice brand for vehicle and equipment rental / leasing and total mobility solutions.”

#### Hertz Global Holdings Mission Statement:

“Our mission is to be the most customer focused, cost efficient vehicle and equipment rental / leasing company in every market we serve. We will strengthen our leading worldwide positions through a shared value culture of employee and partner involvement by making strategic investments in our brand, people and products. The focus of everything we do will be continuously improving shareholder value.”

### Examples:

- **Vision Statement:** At Philips, we are striving to make the world healthier and more sustainable through innovation, with the goal of improving the lives of 3 billion people a year by 2025.
- **Mission Statement:** With our global reach, deep insights and leading innovations, we are uniquely positioned in ‘the last yard’ to consumers and care providers, delivering:
  - connected products and services supporting the health and well-being of people
  - integrated modalities and clinical informatics to deliver definitive diagnosis
  - real-time guidance and smart devices for minimally invasive interventions
  - connected therapeutic products and services for chronic care patients.

Underpinning these solutions, and spanning the health continuum, our connected care and health informatics solutions enable us to:

- connect patients and providers for more effective, coordinated, personalized care
- manage population health, leveraging real-time patient data and clinical analytics.

## Mechanism #2: Policies and Guidelines

Policies	Guidelines
Policies are stronger forms of providing guidance.	Guidelines are general recommendations that helps people know how to act in different situations or how to do something to achieve the desired results.
The strict nature of policies do not leave any scope for creativity.	Guidelines leave more scope for creativity.
Policies direct decisions and behavior. These helps avoid an undesirable outcome.	Guidance that the people get through guidelines help them perform activities or make decisions.
Policies must not conflict with one another. It is unreasonable to ask people to follow conflicting directives; doing so leads to undesirable consequences.	Guidelines should not conflict each other. However, certain situations require to follow another guideline.

### INFO

#### Policies

People may establish policies that relate specifically to areas within their scope of control, but these must align with organization-wide policies.

**Policies** and guidelines are another way to direct people through guidance. Deciding which is appropriate in different contexts is typically part of the organizational governance function.

You can use guidelines in situations where:

- Applying a specific policy is impossible
- Dictating the required behavior is not required or difficult
- Assisting people by providing clarity on what to do is required

#### Similarities:

Both are about certain rules to be followed in an organization. The consequences of not following a policy are usually higher compared to not following a guideline.

#### Examples:

**Policies:** In most organizations, failing to follow company policies results in disciplinary action, which can include termination of employment.

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**Guidelines:** If an organization receives financial rewards when employees pay travel expenses on a corporate credit card, they may implement a policy that expenses not paid in that manner will not be reimbursed. Specific exceptions, such as reimbursing any tips that were paid in cash, make a policy like this more practical.

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### Mechanism #3: Risk and Controls

Risks	Controls
<p>Risk is a possible event that could cause harm or loss, or make it more difficult to achieve objectives. It can also be defined as uncertainty of outcome, and can be used in the context of measuring the probability of positive outcomes as well as negative outcomes.</p> <p><i>Copyright © AXELOS Limited 2019. Used under permission of AXELOS Limited. All rights reserved.</i></p>	<p>Controls are countermeasures or safeguards that provide reasonable assurance that objectives will be achieved and undesired events will be prevented or detected and corrected.</p> <p><i>Copyright © AXELOS Limited 2019. Used under permission of AXELOS Limited. All rights reserved.</i></p>
<p>One of the ways of managing some kinds of risks is through controls.</p>	<p>The different types of controls are: Organizational/Procedural, Logical/Technical, and Physical.</p>

Each activity that people of an organization perform is associated with the risk of not achieving the required goals and objectives. Analyzing and understanding the risk involved in producing the primary outcome is essential for its effective management. Some of the reasons of managing risks include:

- Maximize results and minimize harm or loss.
- Undertake projects that are not certain to failure.
- Take preventive actions to reduce the likelihood of failure.
- Bring confidence of team members in their projects.
- Make significant improvements.

You can use **different types of controls** to manage risks. When you use a control, evaluate it to check its effectiveness, which requires proper evidence. In the absence of evidence, you cannot conclude whether the control is reducing risk or assuring success.

“Controls are also part of direction; they are used to enforce selected directives. The evidence of a control’s effectiveness can demonstrate that directives have been followed. For example, an organization that directs that only customers with a signed contract may be supported by their field service team might put a control on their service request records, making a link to an active service contract mandatory. Without the link, a field service visit cannot be scheduled. In this example, the control is not a directive, but rather results from the directive.”

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**Similarities:**

Both risk and controls are about uncertainties. By using controls, you want to keep these uncertainties under control.

**EXAMPLE**

**different types of controls**

Organizational/Procedural Controls:

- Policies
- Organization
- Ownership
- Training
- Processes

Logical/Technical Controls:

- Required Fields
- Scripting
- Automated Workflows

Physical Controls:

- An Electronic Badge Entry System
- A Metered Intake Valve

**Examples:**

**Risk:** A project to build an hospital deals with risks like running out of time and/or budget.

**Controls:** In such a project, you utilize controls, time and money, to get those risks under control and can take the right countermeasure when necessary.

**Examples:**

- **Risk:** A car journey is usually associated with various risks, such as malfunctioning, lack of fuel, and too hot engine. These aspects can threaten your goal of arriving your destination on time. You can reduce the likelihood of associated risks to minimum or even negligible by checking these aspects before starting with your journey.
- **Controls:** During your car journey, you can still face the identified risks. However, by monitoring your dashboard, you can keep on checking the level of petrol, the temperature of the engine, and the pressure of the oil in your engine. These are the controls that help you to:
  - Stay in control of the risks.
  - Act on time before one of these risks is going to be a real issue and causing a real delay.

### Successful Direction

The success of direction primarily depends on individual's ability to take direction that results in:

- Shared understanding of mission and objectives
- Common understanding of what is expected
- Individuals' ability to act in accordance with the direction received

**Examples:**

Think about when team members do not commit to the agreed, shared objectives. What will happen? They will take fragmented and ineffective actions, which will lead to sporadic progress. Why does such a situation occur?

The situation occur due to lack of clarity and fear of asking questions. Yes, it is true, however, it might not be visible to you. Therefore, organizations should practice the culture of asking questions allowing their people to share their ideas, opinions, and clarify concerns.

The culture encourages the people to ask questions if they are unclear on or do not agree with the objectives or proposed work methods. It is essential to gather their inputs and prevent a mistake or vocalize concerns shared by others.

Once the plan is defined and the team is directed to move forward, they should accept the direction with respect and put their effort towards producing results.

## BASICS OF PLANNING

When an organization has a proper direction and its people know about the overall goal, the next step is to answer how they will get there. Answering this simple question is not an easy task. It requires proper planning.

### Defining Planning

Planning is arranging a method of achieving an end or creating a detailed programme of action. It is essential to have a detailed plan that people of an organization can follow to accomplish the desired goal.

Plans are important to:



Remember, planning can lead to several problems if organizations plan too much or too little. Some of these problems include:

- **Delays in Actions:** Planning the initiative at the micro level by going through its each detail to such an extent that it delays the actions to be taken.
- **Rework Due to Mistakes:** If you start with the work without doing a thorough planning leads to rework and wasted efforts due to mistakes that could have been avoided.
- **Vicious Circle:** Believing every possible contingency has been planned for can lead to difficulties responding when the unexpected does occur.
- **No Creativity:** Too much planning can even block creativity and responsiveness.

“Neither extreme represents good practice. The type and extent of planning should be selected based on the type of effort being planned. Planning is useful because it gives people a clear and ordered set of actions to undertake, but plans must be continually re-evaluated and adjusted as work proceeds. Planning is an iterative activity as well as a preparatory one.”

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## Planning at Multiple Levels

Organizations prefer to do a thorough planning at multiple levels that should be strongly interlinked with each other and to the organizational goals. At a minimum, they perform planning at three levels:



Let us discuss the planning at three levels

### tactics

A tactic is an action or strategy carefully planned to achieve a specific end. You might need to alter or abandon a tactic after a period of time, if determined to be unsuccessful in enacting a strategy.

### methods

A method is a way, technique, or process of doing something. Methods are structured and systematic. One or more methods may be developed for structured and systematic work. When more than one method is available for a task, the person doing the work should either follow the direction of their organization, or decide for themselves which method to use.

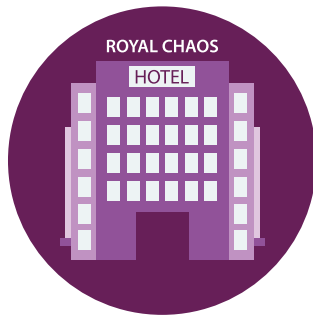
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- **Strategic:** An organization defines strategies at different levels that should cascade logically from the organizational strategy. These strategies should be strongly interlinked with the achievement of objectives.
- **Tactical:** Organizations usually develop standardized methods of planning projects and initiatives to perform efficient tactical planning. They might make use of some templates or frameworks to define **tactics**. The plans at this level might be of different types, for example:
  - The plans for Waterfall-style project will be different from the Agile project plans.
  - Complex programs have plans within plans, factoring in dependencies, resourcing, costs, and risks.
- **Operational:** Objectives at this level are defined in alignment with the strategy and tactics. Everyone at this level works to achieve the defined objectives. An effective planning is essential to manage operational activities that might include predictable, repeating, and well-documented work, as well as managing rare or unique situations. Organizations should focus on defining well-known operational procedures to enable people to follow these easily and enable specialists involved in an activity to know about the unique courses of action. Either way, it is common to have agreed **methods** and techniques for operational activities.

Let us now understand the planning through an example.

## Planning at Multiple Levels - Example

Consider an example of the Royal Chaos hotel group who's objective is to be the global leader in business and leisure lodging services. Let us have a look at Royal Chaos planning at different levels to achieve the defined objective.



### At Strategic Level

- Stabilize Royal Chaos position.

### At Tactical Level

- Act on the stabilization strategy.

### At Operational Level

- Initiate guest satisfaction tactic.

Let us discuss the planning details of Royal Chaos at three levels in little detail.

- **At Strategic Level:**
  - **Stabilize Royal Chaos position:** Focus on the American and European markets first, and then move aggressively into the Asia-Pacific market. (A broad approach to achieve the defined objective.)
- **At Tactical Level:**
  - **Act on the stabilization strategy:** Royal Chaos might use tactics such as embarking on a guest satisfaction programme, analyzing the customer base in target regions, and revising loyalty programme to increase repeat stays by the same customers.
- **At Operational Level:**
  - **Initiate guest satisfaction tactic:** Royal Chaos can perform many activities at this level, such as conducting satisfaction surveys, collecting complaint information, analyzing data, selecting areas to improve, and creating a campaign.

## Successful Planning

Successful planning results in clear, focused actions that proceed efficiently towards the achievement of the desired outcomes.

The success of planning depends on the extent to which organizations are able to increase order and reduce risk. Some of the primary factors that lead to effective planning include:

- Alignment of planning with the established objectives
- **Cascading objectives** from the top level of planning to the lowest level
- Clear understanding of **why the action is being undertaken**



### Cascading objectives

Cascading objectives enables organizations in maintaining and aligning actions and direction.



### why the action is being undertaken

If everyone involved in planning understands and remembers why the action is being undertaken, they can make effective decisions-making basis the details of a plan.

Remember, you cannot completely go away with the risk. No matter how much planning you are doing.

Some risk can be positive. Consider a situation where the risk of using a given service by more number of people is high compared to when it was originally designed to accommodate.

## BASICS OF IMPROVEMENT

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### Defining Improvement

**Can you think of improving anything without changing some aspect of current state?**

No, not at all. You can make certain changes in the outcome only after making some changes in the current state.

In simple terms, you can say improvement means change. It is about bringing new changes to something in order to enhance it or make it better, be it a process, or an activity, or even skills. Every activity in an organization is usually an improvement – comparison to some another state.

Every improvement initiative involves the consequences of how people are going to do their work. Recognizing the importance of managing organizational change is, therefore, essential to avoid people's resistance.

### Universal Applicability

Improvement is always a central focus for almost all organizations to enhance their performance, profitability, and adoption of its products or services by the user community.

Once an organization identifies an improvement, they should evaluate the changes that are likely to instigate the desired improvement.

#### **Example:**

A service provider wanting to improve profitability by reducing the cost could reduce personnel costs or increase efficiency. These actions may require improving processes or elements of the service value chain. Organizations should think and work holistically, understanding the potential impacts of their actions on the entire system before forging ahead.”

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In the context of managing services through an SVS, you can improve any part of it.



### Universal Involvement

Improvement is an on-going process. Everyone in an organization is responsible for continual improvement. In the context of service improvement, everyone should have the clear understanding of:

- The role of improvement in the SVS
- Basics of planning and implementing improvement

People should recognize how important an improvement initiative is and what is their individual contribution in improving the organization. It requires a certain improvement attitude and a culture to help each other to continually improve.

### Successful Improvement

You can measure the success of improvements through macro and micro perspectives.

Macro Perspective	Micro Perspective
At macro perspective, you can measure the success of an improvement by knowing the organization’s commitment to improvement.	At micro level, you can measure the success of an improvement by identifying the extent to which individuals initiate and contribute to improvement activities.
You get to know about organizational commitment by analyzing how improvement initiatives are funded, contributed to, and supported.	You know whether the individuals are doing the right things.

You should also ask few questions to yourself to measure the improvement success from the two perspectives, such as:

- **Macro Perspective:**
  - How frequently are lessons learned sought out and acted upon?
  - Is there a commitment to organizational learning?
  - Is contributing to improvement included in job descriptions and performance evaluations?
- **Micro Perspective:**
  - What are the tangible objectives to achieve on a daily basis?
  - Do the individuals know why they perform these activities? (The higher level objective)
  - Did they achieve their objectives?

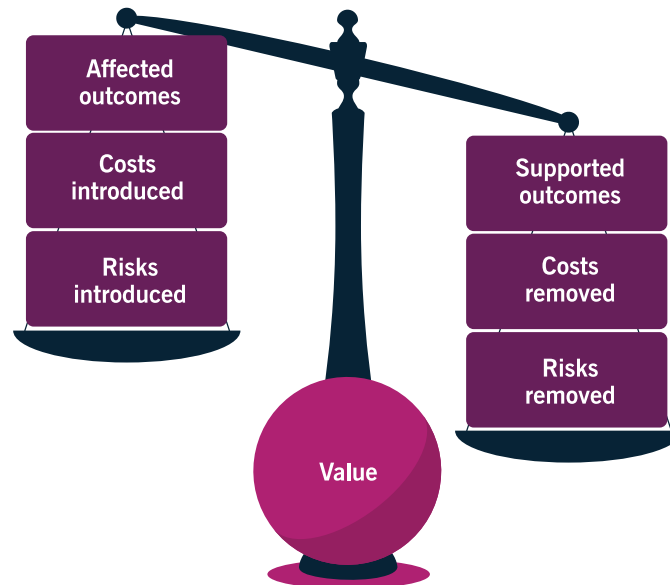
### OTHER CORE ELEMENTS

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You have learned about the role of direction, planning, and improvement to achieve the desired value. Let’s look at other core elements that contribute to achieving the value, and hence, the overall the goal.

## Value, Outcomes, Costs, and Risks

The core elements involved in value co-creation that helps achieve the desired value include outcomes, costs, and risks. The following figure depicts the relationship between achieving value through outcomes, costs, and risks.



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The four core elements as listed in the preceding figure are tightly interlinked with each other. Organizations achieve **value** by producing the identified **outcomes**. They produce the outcomes with the help of their resources. Thus, the process of producing the outcomes involves **costs** and often **risks**.

Let us understand the role of core elements in the context of service management.

Service-oriented organizations take the required support to achieve the identified outcomes from service providers. When service providers agree to provide the required support in producing the outcomes, they, by default, adopt some of the associated (or inherent) risks and costs. In the pursuit of providing the required support, service relationships can further impact costs and risks by:

- Introducing new risks and costs
- Affecting the desired outcomes negatively

### Value, Outcomes, Costs, and Risks in DPI

The concept of value co-creation through outcomes, costs, and risks are reflected in many aspects of direction, planning, and improvement.

#### Example:

Consider an improvement initiative whose aim is to reduce risks or eliminate unnecessary costs.

Sometimes organizations analyze the possibility of increased value and choose to accept additional risk, increased costs, or diminished outcomes.

**Example:**

Adopting new and unproven technologies involves significantly greater risk. However, organizations choose to accept this risk due to the greater possibility of the potential rewards.

Only after defining the mission and the strategy, an organization takes the required steps to determine the direction of their service portfolio. What does that mean? It means if the organization deviates from its defined strategy, it will result in a corresponding deviation in the portfolio. Therefore, organizations should analyze the impact on outcomes, costs, and risks associated with the ultimate goal of value co-creation before deviating from the defined strategy.

## MODULE-END EXERCISE



### Activity

#### Applying DPI Concepts to a New Service Organization

You are going to launch a new service provider organization to address the need of a new type of service in a target market of customers. You need to present the organization and its offering to the target customers in a powerful way to grab their attention.

As next steps, apply the core concepts of DPI and work on the following areas with your team:

1. Overview
2. Target Market and Assumptions
3. Vision and Mission
4. Service Offering
5. Preparatory Presentation

**Note:** A sample answer to the exercise is provided in Exercises Templates booklet.

The intent behind working on these areas is know the required information of the new organization and the new service offering by answering the following questions:

1. **Overview:** What is the intended purpose of new service organization?
  - Share a short, crisp overview of the new service organization.
2. **Target Market and Assumptions:** What would be the context, target market, and customers for the new service organization and its new service offering?
  - Discuss and agree with your team on the target market, customers' needs to address, and assumptions. These elements would form the basis for the Vision and Mission statements.

3. **Vision and Mission:** What would be your quality Vision and Mission statements for the new service organization?
  - Document quality Vision and Mission statements.
4. **Service Offering:** What would be the key service offering and its compelling value proposition to target customers?
  - List the key service offering with required details.
5. **Preparatory Presentation:** How would you present the new service organization and its offering to target customers to grab their attention?
  - Present the idea of new service organization with the group and senior management basis the discussions and findings before presenting it to the target customers.

**Note:**

- Consider a fictitious organization to perform the exercise.
- Use the required template to document and present the key information related to the exercise. The templates are provided in the Exercises Templates booklet.

## SUMMARY KEY POINTS

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In this module, you learned that:

### Basics of Direction

- Direction gives teams guidance for the journey and helps give shape to the plan of action.
- Effective direction helps in maintaining team's focus, knowing expected outcomes, providing clarity on actions and flexibility for unique contribution, and encouraging the team for creativity.
- The various mechanisms that organizations use to perform effective direction include: vision and mission; goals and objectives; policies and guidelines; and risk and controls.

### Basics of Planning

- Planning is arranging a method of achieving an end or creating a detailed programme of action.
- Successful planning results in clear, focused actions that proceed efficiently towards the achievement of the desired outcomes.
- At a minimum, organizations perform planning at three levels: strategic, tactical, and operational.

**Basics of Improvement**

- Improvement is about bringing new changes to something in order to enhance it or make it better, be it a process, or an activity, or even skills.
- Improvement is always a central focus for almost all organizations to enhance their performance, profitability, and adoption of its products or services by the user community.
- You can measure the success of improvements through macro and micro perspectives.

**Other Core Elements**

- The core elements involved in value co-creation that helps achieve the desired value include outcomes, costs, and risks.
- The four elements are tightly interlinked with each other.