



Annual 2009

## **Crossing the Threshold**

The anniversary edition

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# Introduction

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With this Annual we commemorate twenty years Nolan, Norton & Co. (NNC) in the Netherlands. Nolan, Norton & Co. was founded in 1975 in the USA by the Richard L. Nolan and David P. Norton, then both working at Harvard University. They worked on what was then called the administration of IT-systems. At that time both DP-management<sup>1</sup> and users of IT were often overwhelmed and usurped by technical problems in IT-systems. Needed with respect to IT systems were performance management, responsibility accounting and managing the IT investments in a planned way. Especially to serve the latter, Richard Nolan conceptualized a three stage model, describing the different stages of maturity in managing IT within an organization. Richard Nolan and David Norton understood how to turn this insight into a consultancy practice, and founded Nolan, Norton & Co. Early October 2008 we had the opportunity to celebrate our twenty years in the Netherlands with Dick Nolan and Dave Norton. Both were pleased to note that NNC today still is run on the same values as those with which they started NNC, to which they added: “Thanks for keeping the torch lit.” The values were and are: thought leadership, client orientation, entrepreneurship, work-hard-play-hard mentality and a keen eye for the people factor in running a consultancy.

In 1987, Nolan and Norton sold NNC to Peat Marwick, which soon thereafter was folded into KPMG. By then, apart from its headquarter in Boston, offices had been established in Chicago, Londen, San Fransisco and Milan. In 1988, the Dutch subsidiary was added to the Nolan, Norton & Co. family tree. Initially, Nolan, Norton & Co. focused on assisting clients in planning, developing and assessing the information technology function in their companies, at the level which today is called IT-strategy and IT-governance.

The original three stages of Richard Nolan in 1995 became six stages, reflecting the deep and fundamental impact of digital technology on our economy, our organizations and our lives. These six stages are: 1. Downsize; 2. Seek Dynamic Balance; 3. Develop a Market-Access Strategy; 4. Become Customer Driven; 5. Develop a Market-Foreclosure Strategy; 6. Pursue Global Scope. These six stages were elaborated in a book, written by Richard Nolan and

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<sup>1</sup> DP = Data processing, now a subset of IT management or IT governance.

David Croson, *Creative Destruction: A Six-Stage Process for Transforming the Organization*.<sup>2</sup> Not only information technology and the related digital technology transformed businesses, it also fundamentally changed our economy, our society up to and including some of its institutions.

One of the values of the founders was that as a consultancy you not simply solve problems, but continuously come up with innovative solutions to contribute to the competitiveness of the client.

This made Nolan, Norton & Co. in the Netherlands to shift the emphasis from IT-strategy and IT-governance to strategy & execution, including subjects like strategic supremacy, operating models, outsourcing and shared service centers, and other strategic topics. Since 1999, NNC has communicated on these new ideas, many of which developed in the interactions with clients, by publishing each year a Nolan, Norton & Co. Annual. The exception was 2006, the year in which Nolan, Norton & Co. was spun off from its then owner, Atos Consulting and was incorporated as Nolan, Norton & Co. B.V., an independent partner owned firm. So with this NNC-Annual we also commemorate the first ten years of the NNC-Annual.

Consulting usually is about looking forward, helping the client to see and to frame the future as a basis for ambitions and achievements. At a moment like this, it is only natural to reflect and to ask the question: did we lead change or were we led by change?

With that question in mind we went back to our NNC-Annuals to select a number of contributions for re-reading. We aimed to have a fair representation of all the contributions in those ten years. The selection of a chapter for republication in this Annual is not a judgment on chapters not selected nor the contributions and insights of their authors. The selection aims to reflect the issues as we see them today in relation to the way we framed those issues then.

So for 1999 we selected *Preparing for the Future* by Bothof and Schilleman, because that is what entrepreneurship and consultancy is about. For 2000 we selected *The transformation of commerce* by Abraham and Strikwerda. The Internet bubble would burst, but today we see the defining role of e-commerce. For 2001 we selected *Opportunities and challenges of the new economy* by De Man & Van der Zee. Today, hardly anybody speaks about the new economy anymore. Indeed, there is no new economy in terms of absence of cycles, a significant higher level of growth of labor productivity and / or higher growth of GNP. However, at the level of the firm, at the micro-economic level, due to the internet, digital technology, etc. we now understand there is a new economy, which is still not fully understood.

For 2002 we selected the chapter *Financial Sector: Solutions to a Classical Dilemma* by Van Beurden c.s. They wrote amongst others on the entry of new players and the role of Internet in the financial sector. These two issues are still important in today's financial sector. For 2003 we selected the chapter *Strategic supremacy in a network economy* by Strikwerda. This chapter reflects the change in the field of strategic management, from competing *in* markets to competing *for* markets. The chapter is based on the case consumer electronics, but later alike games would develop in the postal services industry, in the energy industry and in the financial services industry. For 2004 we selected the chapter *Excellent Execution* by Kuijt & Van Rootselaar, reflect-

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2 Boston: Harvard Business School Press, 1995.

ing the growing importance of strategy execution. The year 2005 had an unusual Annual, this time it was a monograph. From this Annual we chose the chapter *Corporate Governance and Economic Growth*. It criticizes the undue emphasis on procedural aspects of corporate governance, threatening the entrepreneurial agenda. For 2007 we selected *Dealing with complexity, the longevity factor* by Hartmann & Van Dijk. Longevity is a concept more comprehensive compared to sustainability, longevity also expresses the will to win and to survive. For 2008 we selected the chapter *How to successfully (re)design the IT function* by Verhoeven en Geleijns. That appears to be closing a circle, but it is about spiraling up to a higher level. The declining costs of information have a profound impact on individuals, groups, markets, business models, governance, and on society at large. A change that was expressed in Nolan's model; then it was foresight, now it is unfolding in reality.

*Reculer pour mieux sauter*, it is up to our readers to co-think with us how to improve on foreseeing the issues to be addressed and how to solve these. Again this Annual is a thank you for our clients and our alumni with whom we are be pleased to continue our thinking.