CATWOE Analysis

Idea In Short

CATWOE Analysis is a technique for comprehending a stakeholder's point of view and the influence that point of view will have on the path of a business transformation. One of the main objectives for managing stakeholder relationships is to have a clear understanding of their point of view before making suggestions or, to the extent of executing the corporate change. As a consultant, you should focus on discovering the path each stakeholder feels the firm should follow. Simultaneously, you should understand what the major stakeholders desire; this understanding is critical to the success of a business transformation.

CATWOE Analysis is one of several methodologies that consultants use to map the client landscape. This tool helps determine:

- what the business is attempting to accomplish
- what the issue areas are, and
- how stakeholder viewpoints impact the individuals participating in it

Origin

In the late 1960s, Peter Checkland, a system engineering professor, and his colleague Brian Wilson, founded soft software methodology [SSM] at the University of Lancaster in the UK. SSM was based on other systematic modeling tools. Soft software methodology can be used as an approach for a wide variety of problems in business process modeling. It can tackle more general problems, but can also be used for the change management. Birgitta Bergvall-Kåreborn, a Swedish academic, gives a good summary of what the purpose of SSM exactly is, namely

> to improve real-world situations by orchestrating changes of appreciation through a cyclic learning process

Soft Software Methodology

SSM is an ideal tool for the analysis of complex problems where there are multiple views about the definition of the problem. SSM is an iterative process consisting of 7 stages:

1. Understand the problem situation
2. Structure the situation by defining relevant purposeful systems
3. Clarify what the system exists to achieve by defining root definitions of relevant systems of activity
4. Deriving conceptual models
5. Comparing conceptual models with the real world
6. Analyzing feasible and desirable change
7. Taking action

SSM compares some real-world problems with some conceptual models, which is the case in many other system approaches.

CATWOE technique

In 1975, David Smyth, a member of Checkland's department, developed the CATWOE technique for stage 3 - define the root definition - of the SSM process. After observing SSM, he saw that the method was more successful when certain elements were present, namely:

1. **Customer:** is the one who is the recipient of outputs from the Business
2. **Actors:** Different roles which together perform the process of business system
3. **Transformation process:** The core process which will deliver the outputs to the customer
4. **Worldview:** underlying world-view for the transformation
5. **Owner:** Stakeholder who holds the overall authority for the business system
6. **Environmental constraints:** Constraints and rules which surround the business system

Those together form the acronym CATWOE. This technique is used to explore the system through constructing a root definition, which helps defining the conceptual model that involves converting the inputs into outputs. Each element has its own purpose, and gives

different perspective of the problem involved.This will help build a solution that fits each element. Each part of CATWOE will be further defined in the section below.

Purpose of CATWOE analysis

Typically, business stakeholders will have thoughts about the Business process direction, the requirements to be addressed, the alternatives for initiatives, and the solutions that should be adopted. However, these perspectives are shaped by their concerns, beliefs, values, and priorities, and it is this lens that frequently serves as the foundation for deeply held ideas from which divergence is difficult. Different stakeholders may hold different perspectives or views about that particular initiative or change. The views of all the stakeholders need to be considered and understood for effective implementation. Failure to consider these points of view might lead to severe problems later in the project since any differences of opinion can turn into disputes. This may be evident in the placement of competing for priority on business objectives, or even the formation of competing requirements. CATWOE Analysis may be utilized at many points of the business transformation life-cycle and for a variety of objectives throughout a project, most notably as a way of:

- Understanding a business system's stakeholders' point of view
- Identifying and analyzing the source of or disagreement amongst parties
- Taking into account the various priority attributed to choices, demands, or requirements by stakeholders
- Creating a business activity model to use for gap analysis

CATWOE in its bullet-point form is excellent for real analysis of stakeholders' views; however, put the results into a root definition to convey the viewpoint back to the stakeholder to ensure that it does reflect their view of the problem.

Application of CATWOE Analysis

The CATWOE Analysis is performed on a Businesses existing system or projects. The following different elements are involved to consider an Initiative or change

Customers

In general, these are the clients/consumers of a company. They are business process users and also include the stakeholders. If an initiative or change is to be made in the business, or if an issue is handled, they will surely profit or get affected. The first step in doing a CATWOE Analysis is to identify the customers and understand how the Business affects them. Furthermore, before exploring remedies, you'll need to learn about the challenges they're having presently.

Actors

The actors are often employees within a company. They ensure that the change process takes place. They are in charge of carrying out tasks and are involved in the business modification or initiative or change implementation. You obtain a clear image of their effect on the processes or system if you know their traits, talents, and interests ahead of time.

Transformation

The change brought about by a business or process is referred to as transformation. It is the process through which an organization converts input (including raw resources and man-hours) into output (such as a final product or solution to a problem). We must carefully evaluate the intermediate processes in addition to understanding what the input demands and what the ultimate result [output] will be.

Worldview

This is about the 'larger picture,' and it takes into account the different stakeholders and interested parties in an organization's environment, as well as the effect they may have. It is considered the most important phase in the CATWOE study. Stakeholders with diverse or conflicting interests sometimes adopt various approaches to the same issue or same initiative. The purpose of the CATWOE analysis is to make their opposing viewpoints clear.

Owners

This typically refers to the owner, entrepreneur, or investor of a company that wants to make changes and determines whether or not a project should begin or end. They have the highest authority as the decision-makers.

Environmental constraints

In contrast to the World view, this is concerned with the environmental components that may impact the organization and limit or constrain the new change or initiative. Ethical limitations, legislation, financial restrictions, and environmental issues are some examples.

Case – Coca Cola

To understand the CATWOE analysis, let's take the example of Coca-Cola and analyze what Coca-Cola as a business process should consider while making important strategic decisions by understanding each stakeholders point of view.

Customers

When we consider the customers to Coca-Cola, it includes everyone who consumes coca-cola. It includes children who drink Coke to Adults who order Coke at Cinemas. Customers included everybody.

Actors

Most important actor when it comes to Coca Cola is the Marketing Director who is responsible to ensure how the brand is perceived by the customers. Coca Cola's success is based on how people perceive the Brand.

Transformation

Water + Sugar + Flavorings + The best Marketing Strategy in history = Coca Cola. Coca Cola has over its journey transformed the way how sugar-based beverages are perceived. Its use case is not just restricted to children but also includes adults.

Worldview

Coca-Cola has a motto which says "Open Happiness". The business views the world with an Optimistic and integrative view. In this manner, the business incorporates its perception in its motto.

Owner

Major shareholders of Coca-cola business includes Berkshire Hathaway, the well known

successful conglomerate which was controlled by the world-renowned investor Warren Buffett. Now when a strategic decision is being made, the view of these shareholders plays an important role, how the stakeholder views the company's future should be taken into consideration.

Environmental constraints

The business environment around the world is moving towards a more respectful environment. Coca Cola in this regard uses recycled material for their cans which are made of recycled Aluminium and glass bottles. The next step to be taken is to optimize the water consumption and usage across its industrial processes.

Case – Hyperloop

CATWOE analysis will be used to analyze what the Hyperloop Project should take into account before making any strategic decisions:

Customers

The project is in the initial stages of development and as of now, the customers include upper-middle-class individuals as the high-speed trains which are used in this project are expensive.

Actors

The stakeholders in this project include Elon Musk who is also the CEO of Tesla Motors. He is the visionary behind the Hyperloop project. Another important stakeholder involved in this project is Virgin Company has a major project related to Hyper look.

Transformation

A Long Vacuum chamber + Single wagon with a turbine + Seats = Hyperloop. The main aim of the project is to transform the way how individuals travel and make the commute easier and quicker.

Worldview

The project relies on the idea of movement through subways. Hence the perspective of hyperloop is a world where everyone across different countries and cities will be able to move via subways in the quickest way possible.

Owner

The owner depends on the different projects which are under development. There are multiple projects around the world.

Environmental constraints

The project as a whole is beneficial to the environment as it will reduce greenhouse gases to a large extent. In this manner, the company also can gain environmental economic incentives.

Summary

It is critical to study the viewpoints of the many stakeholders in any strategic initiative. It is common for stakeholders to hold opposing views on what the challenges and opportunities are and how to best address them. The CATWOE approach enables you to study and record each stakeholder's point of view independently. The gathered data may then be utilized to assist efficiently in managing stakeholders, which is a critical component of any change effort.