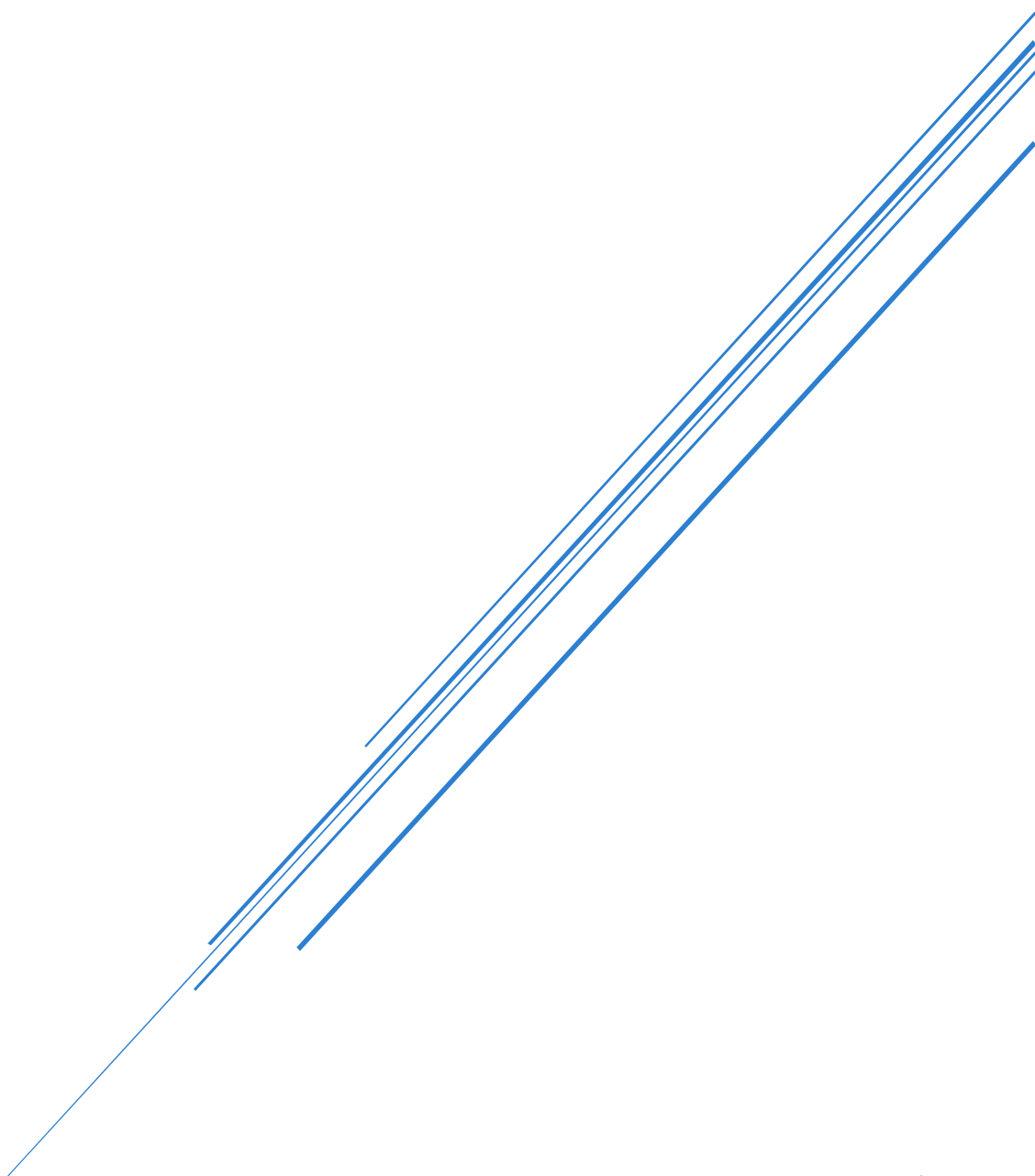


THOREC WHITEPAPER

The Governance Infrastructure for Modern Capital Allocation



Dasthor Consulting

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THOREC® WHITEPAPER

The Governance Infrastructure for Modern Capital Allocation

EXECUTIVE SUMMARY

Modern enterprises are undergoing a profound shift.

Growth, efficiency, digitalization, and competitiveness increasingly depend on a company's ability to **allocate capital to strategic initiatives**—technology programs, transformation activities, and capability-building investments.

Yet despite billions invested annually, most organizations **cannot answer three foundational questions** with precision:

1. **Where should we invest?**
2. **How much value will we create?**
3. **Did we actually realize the value we expected?**

Today's capital allocation process is fragmented:

- Strategic priorities are defined in PowerPoints.
- Initiatives are justified in spreadsheets.
- KPIs are disconnected from investment decisions.
- ROI logic is inconsistent across teams.
- Value realization is rarely measured.
- Governance relies more on narrative than evidence.

As a result:

- Digital initiatives often fail to produce expected returns.
- Portfolios become unbalanced—overweighted in low-risk cost savings, underweighted in long-term value.
- Leadership lacks transparency into true strategic impact.
- Investment decisions become political instead of data-driven.
- Organizations grow slower than their potential.

Thorec® exists to solve this gap.

It is the world's first *governance infrastructure for capital allocation*—a system that connects strategy, KPIs, financial logic, execution, and realized value into one coherent, auditable flow.

At the heart of Thorec® is the **Strategic ROI Matrix™**, a value framework that measures both:

- **Monetary ROI (MROI)** — operational efficiency, productivity, revenue, margin
- **Strategic ROI (SROI)** — organizational capabilities, differentiation, long-term resilience

This ensures that companies do not optimize solely for short-term gains, but deliberately shape their strategic trajectory.

Thorec® introduces:

- A **standardized method** for modeling value across all initiatives
- A **Decision Priority Index (DPI)** for comparable investment prioritization
- A **baseline governance mechanism** to freeze expectations
- A **Capture Module** to measure actual value against predicted value
- A **Decision Accuracy KPI** that improves the investment process cycle after cycle
- A complete **role and governance framework**
- A **portfolio-level roll-up** for executives

The result is a **closed-loop governance system**:

Strategy → Drivers → KPIs → Economic Engine → DPI → Approval → Baseline → Capture → Variance → Enterprise Roll-Up

Enterprises that adopt Thorec® experience:

- Faster, clearer, and more defensible funding decisions
- Balanced portfolios aligned to strategic ambition
- Transparent value expectations and realized results
- A measurable improvement in decision quality
- A culture that connects strategy directly to outcomes

This whitepaper introduces the governance gap, explains why current approaches fail, and presents the Thorec® Governance Infrastructure as a new operating model for capital allocation.

If your organization seeks to govern digital capital with the same rigor as financial capital, Thorec® provides the infrastructure to do so.

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The Governance Gap in Digital Capital

Across industries, enterprises are investing unprecedented amounts into digital initiatives: automation, data platforms, customer experience programs, AI adoption, modernization efforts, and strategic transformations.

Yet despite these investments, most organizations **lack a governance system that ensures capital flows to the initiatives that truly generate value.**

Today's capital allocation processes were not designed for the complexity, velocity, and ambiguity of modern digital transformation. As a result, enterprises experience three structural failures.

1.1 Slow Reaction to Market Change

In many companies, capital allocation is annual, political, and heavily narrative-driven:

- Strategy teams define high-level ambitions without quantifiable links to KPIs.
- Business units submit initiative proposals in diverse formats and inconsistent detail.
- Finance challenges assumptions, but without standardized ROI logic.
- Governance committees debate initiatives individually, without a portfolio overview.
- Decisions take weeks or months—longer than the market allows.

Digital transformation demands **continuous, responsive allocation of capital**, yet most enterprises are locked into slow, manual processes:

- Spreadsheets with hundreds of assumptions.
- PowerPoint business cases that vary dramatically in quality.
- Email-driven reviews and approvals.
- Hidden dependencies and unmeasured risks.

This process is not only slow—**it cannot scale.**

As digital maturity accelerates, organizations require a system that evaluates opportunities with *speed, comparability, and confidence.*

1.2 Strategically Unbalanced Portfolios

Without a standardized model of value, portfolios drift toward what is easiest to justify—typically **short-term, operational efficiency projects**.

These initiatives produce tangible, near-term returns, making them politically attractive. However, they often crowd out longer-term strategic investments such as:

- Customer experience reinvention
- Market differentiation
- Brand and loyalty programs
- Data and analytics capability building
- Platform modernization
- Workforce enablement

These initiatives create substantial **Strategic ROI (SROI)**—but because they do not convert neatly into euros in the near term, they receive inconsistent attention.

This leads to a problematic scenario:

- The organization becomes operationally efficient but strategically stagnant.
- Transformation slows down.
- Competitors move faster toward digital capabilities.
- Long-term differentiation erodes.

Executives see this clearly in quarterly reviews:

“We are funding what we can measure—not what will make us win.”

Enterprises require a model that measures both **monetary** and **strategic** impact with equal rigor, ensuring balanced and deliberate strategic investment.

1.3 No Clear Measurement of Investment Return

Once initiatives are approved, most enterprises lose visibility into:

- Whether KPIs actually changed
- Whether the expected ROI was delivered
- Which assumptions were correct or flawed

- Whether execution or model quality caused deviations
- How to learn from value realization in future cycles

Value realization is often an afterthought:

- PMOs track delivery milestones, not outcomes.
- Finance monitors budgets, not benefits.
- Strategy teams focus on future plans, not realized impact.
- Baselines are rarely frozen, making measurement impossible.

This creates a dangerous blind spot:

the organization cannot determine whether capital is producing expected returns.

Executives consistently report:

- “We approved significant investments, but we don’t know if they worked.”
- “Our ROI tracking is inconsistent and subjective.”
- “Assumptions drift, and no one owns value realization.”
- “We cannot compare initiatives across business units.”

Without a system to capture realized value, the enterprise cannot improve the quality of its decisions. It cannot reward strong performers, correct weak areas, or learn from past investments.

★ The Governance Gap

The modern enterprise is missing a foundational capability:

A governance infrastructure that connects strategic ambitions to real, measurable value — before and after investment decisions.

Thorec® was designed to close this gap.

The Governance Infrastructure

Enterprises have ERP systems for financial transactions, CRM systems for customer interactions, and HRIS systems for workforce management.

But **no enterprise has a system for governing strategic initiatives and the capital allocated to them.**

Thorec® fills this void.

Thorec® is not a project management tool, a reporting dashboard, or a financial spreadsheet. It is a **governance infrastructure**—a system of rules, logic, data structures, and evaluation mechanisms that enable executives to make investment decisions with confidence, speed, and strategic coherence.

Thorec® introduces a deterministic operating model that connects the entire value lifecycle:

★ **Strategy → Drivers → KPIs → Initiatives → Economic Engine → DPI → Approval → Baseline → Capture → Variance → Enterprise Roll-Up**

This is the first time these components have been unified into **one coherent governance chain**, enforced by both methodology and technology.

2.1 What Thorec® Solves

Thorec® replaces inconsistent spreadsheets, narrative-driven business cases, and political decision-making with a **standardized, auditable model of value.**

It enables executives to:

- Evaluate all initiatives using the **same lens of MROI and SROI**
- Compare opportunities consistently through a **Decision Priority Index (DPI)**
- Preserve governance integrity through **baseline freezing**
- Track realized value through the **Capture Module**
- Measure prediction quality through the **Decision Accuracy KPI**
- Build a balanced, strategically aligned portfolio

Thorec® provides structure where organizations currently have fragmentation.

2.2 The Strategic ROI Matrix™ at the Core

At the heart of Thorec® sits the **Strategic ROI Matrix™**, a standardized value framework that measures impact across two essential dimensions:

1. Monetary ROI (MROI)

- Productivity
- Revenue
- Margin uplift
- Cost reductions

2. Strategic ROI (SROI)

- Organizational capabilities
- Market differentiation
- Customer experience
- Long-term resilience

These dimensions feed directly into the platform's valuation logic, ensuring all initiatives—operational or strategic—are evaluated on equal methodological footing.

2.3 A System of Governance, Not Opinion

What makes Thorec® fundamentally different from traditional business case approaches is its **enforcement of governance logic**:

- KPIs must anchor strategic claims
- Drivers must explain causality
- Conversion rules must follow standardized logic
- ROI must be computed deterministically
- Feasibility must be assessed consistently
- Baselines must be frozen upon approval
- Value must be captured and compared against expectations

This elevates investment governance from art to science.

2.4 For Executives, Thorec® Becomes a Single Source of Truth

Thorec® offers leaders:

- A transparent view of value across the enterprise
- A standardized way to compare initiatives
- A real-time portfolio view by quadrant, theme, and DPI band
- A clear understanding of realized versus expected value
- A maturity ladder that improves governance fidelity over time

The result is a **faster, clearer, and more strategically aligned allocation of capital.**

Thorec® is the governance backbone enterprises have been missing.

3. The Strategic ROI Matrix™ (SROI × MROI)

Modern enterprises face a structural challenge: traditional ROI frameworks excel at quantifying short-term, monetary value but fail to capture strategic value creation such as capability building, differentiation, and long-term resilience.

At the same time, strategic frameworks like Balanced Scorecard help articulate ambition but do not quantify value or connect to financial decision-making.

The **Strategic ROI Matrix™** unifies these worlds.

It provides a quantifiable, comparable, and governance-ready model for evaluating value across **four enterprise perspectives**, aligned deliberately to the Balanced Scorecard flow:

1. **Organizational Capabilities (Learning & Growth → SROI)**
2. **Operational Efficiency (Internal Processes → MROI)**
3. **Market Differentiation (Customer → SROI)**
4. **Sales & Service Performance (Financial → MROI)**

This ordering reflects the logic of enterprise value creation:

Capabilities enable better processes, which improve market position, which ultimately drives financial outcomes.

3.1 The Two Dimensions of Value

The Strategic ROI Matrix™ evaluates every initiative along two fundamental axes:

★ Monetary ROI (MROI)

Short-term, measurable, financially grounded returns.

Examples include:

- Productivity improvements
- Cost reduction or avoidance
- Revenue uplift
- Margin enhancement
- Throughput improvements

- Customer service efficiency gains

These returns are often realized within the operating cycle and can be quantified with clear financial logic.

★ Strategic ROI (SROI)

Long-term, capability- and differentiation-based returns.

Examples include:

- Data and digital maturity
- Organizational capability building
- Innovation readiness
- Customer experience uplift
- Brand and trust improvements
- Enabling future revenue opportunities

These returns shape the future competitiveness and resilience of the enterprise.

3.2 The Four Strategic Quadrants (Canonical Order)

1. Organizational Capabilities (SROI × Internal)

Balanced Scorecard: Learning & Growth

These initiatives strengthen the internal foundation required for future success.

Examples:

- Data platform modernization
- AI enablement and automation readiness
- Workforce capability development
- Architecture modernization and system consolidation
- Cybersecurity uplift

These investments build the "muscles" of the enterprise, enabling everything else to work better.

2. Operational Efficiency (MROI × Internal)

Balanced Scorecard: Internal Processes

These initiatives drive measurable gains in productivity, throughput, and cost efficiency.

Examples:

- Process automation
- Workflow optimization
- Lean process redesign
- Operational system upgrades
- Cost-saving initiatives

These generate **monetary value quickly**, often with high feasibility and low strategic risk.

3. Market Differentiation (SROI × External)

Balanced Scorecard: Customer Perspective

These initiatives strengthen competitive position, improve customer experience, and elevate market relevance.

Examples:

- Digital customer journeys
- Personalization programs
- Advanced analytics for product insight
- Differentiating service models
- Omnichannel innovation

These investments unlock strategic advantage, customer loyalty, and long-term differentiation.

4. Sales & Service Performance (MROI × External)

Balanced Scorecard: Financial Perspective

These initiatives directly influence revenue performance or customer service cost-efficiency.

Examples:

- Digital self-service platforms
- Conversion optimization
- Intelligent sales enablement
- Service automation
- Cross-sell and upsell engines

These provide **tangible financial uplift**, completing the enterprise value chain.

3.3 A Balanced Portfolio, Not a Patchwork of Projects

The Strategic ROI Matrix™ empowers executives to view the investment portfolio holistically:

- Is capital flowing to the quadrants needed to fulfill strategic ambition?
- Are we overweight in operational efficiency and underweight in capabilities?
- Do we have sufficient investments in customer differentiation?
- Is financial performance supported by upstream capability and process investments?

Most organizations unconsciously overweight Quadrant 2 (Operational Efficiency) because the value is easiest to quantify.

The matrix corrects this bias by **making strategic value visible, structured, and comparable**.

3.4 How the Matrix Powers the Thorec® Governance Model

The Strategic ROI Matrix™ is embedded in Thorec®'s valuation and decision logic:

- Every KPI is classified into one of the four quadrants
- Every initiative inherits its value profile from its KPIs
- MROI and SROI are computed separately and transparently

- DPI prioritization incorporates both strategic and monetary impact
- Portfolio reporting shows quadrant exposure at a glance
- Capture and variance are measured against quadrant expectations

By grounding both strategic and monetary value in the same deterministic model, the matrix enables **governance with strategic coherence, financial rigor, and operational clarity.**

3.5 Why This Model is Needed

Enterprises that rely solely on financial ROI end up starved of the capabilities needed for future competitiveness.

Enterprises that rely solely on conceptual strategy frameworks cannot operationalize investment decisions.

The Strategic ROI Matrix™ bridges this divide.

It becomes the **value lens** through which executives see the enterprise:

- Where we are investing
- What value we expect
- What value we realize
- How our decisions shape the future trajectory

No other framework links strategy and value this precisely and transparently.

The Strategic ROI Matrix™ is a **decision tool**, not an enterprise monitoring system.

Its purpose is to present executives with a balanced, strategic view of where value can be created and which initiatives should be funded next.

It does **not** display realized value, capital flow, variance, or long-term maturity trends. Those elements belong to the **Enterprise View**, which provides insight into:

- Value expected vs. value realized
- Capture outcomes and variance
- Decision accuracy trends
- Portfolio coverage across KPIs
- Quadrant maturity across cycles

The Matrix answers:

“What should we fund next?”

The Enterprise View answers:

“How effectively are we allocating capital as an enterprise?”

This separation keeps decisions fast, clean, and reliable.

4. KPI Governance & the Value Chain

At the heart of Thorec® is a simple but powerful idea:

Value is created when KPIs move.

Stories do not create value. Metrics do.

Modern enterprises generate enormous volumes of data across operational, customer, financial, and strategic systems.

Yet very few organizations translate this data into a **governance framework** that connects strategic ambition to measurable outcomes.

The result is a persistent disconnect:

- Strategy is articulated in abstract language
- Initiatives are justified through narratives
- KPIs are siloed inside departments
- ROI logic is inconsistent across teams
- Value realization is rarely measured

The **Strategic ROI Matrix™** resolves this by making KPIs the standardized unit of value across the entire governance chain.

4.1 KPIs as the Authoritative Unit of Value

In Thorec®, **KPIs are the foundation** of both strategic and monetary value modeling.

Every initiative expresses its expected impact through **KPI Value Rows**, which specify:

- The metric to be influenced
- The baseline value
- The expected Δ KPI (min/max)
- The expected timing
- The quadrant classification
- The conversion logic (how Δ KPI becomes MROI/SROI)
- Sensitivity thresholds
- Feasibility considerations

This shifts the valuation conversation from:

“What is the business case?”

to

“Which KPIs will this initiative move, and by how much?”

This KPI-centric structure creates discipline, comparability, and auditability.

4.2 The Role of Drivers: Qualitative Logic, Not Quantitative Value

Drivers describe why value happens.

KPIs quantify how much value happens.

Drivers capture the causal logic:

- “Automation reduces manual handling time”
- “Personalization improves conversion”
- “Data consolidation enables faster decision-making”

Drivers provide essential narrative context but **do not carry numeric assumptions**.

They support traceability and strategic coherence, while the quantification remains anchored to KPIs.

This maintains methodological rigor and avoids double- or mis-counting.

4.3 KPI Clarity Enables Deterministic Valuation

Once KPIs are clearly defined and linked to conversion logic, Thorec® can apply deterministic economic rules:

- Productivity → monetized via FTE/hour logic
- Revenue uplift → monetized via conversion × volume × margin
- Cost avoidance → monetized via current cost baseline
- Customer satisfaction → linked to churn or retention KPIs
- Capability uplift → linked to strategic scoring frameworks

This transforms value modeling from subjective interpretation to **structured, repeatable computation**.

Executives gain confidence because:

- Assumptions are transparent
- The model is consistent
- Variance can be measured
- Value realization is traceable

Thorec® replaces narrative-driven business cases with a **quantitative value chain**.

4.4 Quadrant-Based KPI Classification

Each KPI sits within one of the four quadrants, shaping how value is interpreted:

1. Organizational Capabilities (SROI × Internal)

KPIs reflect capability maturity, readiness, compliance, digital enablement.

2. Operational Efficiency (MROI × Internal)

KPIs reflect throughput, cycle time, cost, and productivity.

3. Market Differentiation (SROI × External)

KPIs reflect loyalty, NPS, experience quality, market position.

4. Sales & Service Performance (MROI × External)

KPIs reflect revenue performance, volume, customer handling efficiency.

This classification ensures that value creation is **contextualized** — not only measured.

Executives can see:

- Which capabilities must be strengthened
- Which processes hold efficiency potential
- Where customer experience gaps lie
- Where revenue-driving opportunities are emerging

This quadrant logic feeds directly into Thorec®'s Economic Engine.

4.5 From KPIs to the Economic Engine

Once KPI Value Rows are defined, Thorec® transforms them into value through the Economic Engine:

- Δ KPI ranges define possible impact
- Timing defines when value begins
- Conversion logic defines how KPI movement becomes financial value
- Quadrant classification defines strategic or monetary attribution
- Sensitivity thresholds define acceptable variance ranges
- Feasibility scores shape DPI via execution risk

This enables:

- Comparable valuation
- Transparent assumptions
- A disciplined reasoning chain
- Automated DPI scoring
- Standardized capture and variance analysis

KPIs are the backbone of the Thorec® governance model.

They ensure that strategy is measurable, initiatives are accountable, and value is both predictable and observable.

The Economic Engine: Monetization Logic

Most enterprises rely on business cases built on inconsistent assumptions, variable modeling quality, and unclear links between strategic ambition and measurable value.

This makes investment decisions slow, political, and difficult to compare.

Thorec® changes this by introducing a **deterministic Economic Engine** — a standardized computation model that converts KPI movements into comparable value across the entire portfolio.

Where traditional business cases depend on narrative persuasion, the Economic Engine depends on **rules, data, and repeatability**.

5.1 The Role of the Economic Engine

The Economic Engine transforms KPI Value Rows into:

- **Monetary ROI (MROI)**
- **Strategic ROI (SROI)**
- **ROI Score (1–5)**
- **Feasibility Score (1–5)**
- **Decision Priority Index (DPI)**

Its purpose is to ensure that **every initiative is evaluated using the same valuation logic**, regardless of business unit, function, or author.

This makes the valuation process:

- **Transparent** — no hidden formulas
- **Comparable** — initiatives can be ranked
- **Auditable** — assumptions can be challenged
- **Consistent** — no one-off modeling approaches

5.2 How KPI Value Rows Become Monetary ROI (MROI)

MROI represents tangible value captured within the planning cycle.

The Economic Engine uses the following inputs:

1. Δ KPI (Min/Max Expected Change)

Example:

- AHT reduction: –0.5 to –1.2 minutes
- Conversion rate uplift: +1.2% to +2.8%
- Processing time reduction: –10% to –20%

2. Baseline KPI Values

Define the starting point and scaling of impact.

3. Conversion Logic

Defines *how KPI change becomes financial value*, such as:

- Productivity $\rightarrow$ FTE hours $\times$ cost per hour
- Revenue lift $\rightarrow$ conversion $\times$ volume $\times$ margin
- Cost avoidance $\rightarrow$ cost baseline $\times$ reduction %
- Efficiency $\rightarrow$ throughput $\times$ cost per interaction

4. Timing

Value may not start immediately.

E.g.:

- Operational savings begin Month 3
- Revenue uplift begins after adoption
- Platform capabilities enable delayed impact

5. Range Logic (Min/Expected/Max)

Allows for modeling uncertainty and scenario boundaries.

The engine produces a unified **MROI Value Range** which becomes part of the initiative's financial narrative.

5.3 How KPI Value Rows Become Strategic ROI (SROI)

Strategic ROI measures long-term value not directly expressed through financial conversion in the short term.

Examples include:

- Data quality uplift
- Process standardization
- Cybersecurity posture
- Market position strength
- Customer experience excellence
- Talent enablement
- Platform maturity

Because these cannot always be expressed directly in euros, Thorec® uses:

1. Strategic KPI Scores

Every strategic KPI has defined maturity scales (0–5 or 0–100).

2. Expected Δ KPI Range

Represents strategic progress.

3. Quadrant Classification

Organizational Capabilities or Market Differentiation.

4. Weighted Strategic Contribution

Converted into **SROI Score (1–5)** to ensure comparability.

SROI is not “soft.” It is **measured through KPIs**, not opinion.

5.4 Feasibility: The Second Lens of Value

Value alone is not enough — initiatives must be **deliverable**.

Feasibility is measured on a 1–5 scale based on:

- Technical complexity
- Organizational readiness
- Dependency landscape
- Risk profile

- Historical success with similar initiatives
- Time-to-value
- Resource availability

This creates a structured feasibility score that complements ROI.

5.5 ROI Score (1–5)

The Economic Engine normalizes combined MROI + SROI into a standard 1–5 **ROI Score** to ensure comparability.

This allows:

- A cybersecurity uplift and a sales automation initiative
- A data platform modernization and a revenue optimization project

...to be compared using the same scale.

5.6 DPI — Converting Value & Feasibility into Priority

Thorec® uses the **Decision Priority Index (DPI)** to rank initiatives:

★ **DPI = ROI Score (1–5) × Feasibility Score (1–5)**

Range: 1–25

This produces a standardized prioritization signal:

- **15–25 → Fund Now**
- **10–14 → Fund Soon**
- **1–9 → Fund Later or Rethink**

This is simple enough for executives and rigorous enough for governance.

5.7 Why the Economic Engine Matters

Most organizations:

- Overestimate monetary return
- Underestimate feasibility risk

- Undervalue strategic investments
- Produce business cases that are not comparable
- Make investment decisions based on influence, not evidence
- Fail to measure value realization

The Economic Engine corrects these failures by providing:

- A **uniform method** for modeling value
- A **transparent chain of assumptions**
- A **structured financial model**
- A **portfolio-wide decision framework**
- A **basis for measuring realized value vs. expected value**

Executives gain a clear, defensible, and data-driven foundation for capital allocation.

5.8 Summary

The Economic Engine is the quantitative backbone of Thorec®.

By grounding valuation in KPI-driven logic, it creates:

- Clarity
- Consistency
- Comparability
- Governance integrity

Thorec® transforms value modeling from opinion to computation — ensuring that capital allocation becomes a disciplined, evidence-based process.

The Decision Priority Index (DPI)

The Decision Priority Index (DPI) is the unifying metric that allows leaders to compare, prioritize, and sequence initiatives across the enterprise.

It distills the Economic Engine into a single, standardized priority score, eliminating the ambiguity and subjectivity that traditionally dominate investment decision-making.

DPI ensures that every initiative—regardless of size, function, or business unit—is evaluated using the **same** rules, the **same** logic, and the **same** scoring system.

6.1 What DPI Measures

DPI combines two essential dimensions of value:

1. **ROI Score (1–5)**

A normalized representation of the initiative's expected value, integrating both **MROI** and **SROI**.

2. **Feasibility Score (1–5)**

A structured evaluation of execution difficulty, risk, readiness, dependencies, and organizational capacity.

DPI is the *intersection* of these two dimensions.

6.2 The DPI Formula

★ **DPI = ROI Score (1–5) × Feasibility Score (1–5)**

Range: 1–25

This simple but powerful formula has several advantages:

- Transparent — executives understand the logic instantly
- Comparable — every initiative sits on the same scale
- Balanced — value and feasibility both matter
- Deterministic — no room for manipulation or bias
- Scalable — works with 10 initiatives or 10,000

DPI becomes the **common currency of prioritization**.

6.3 DPI Funding Bands

DPI automatically maps into standardized **funding bands**, enabling clear portfolio decisions:

DPI 15–25 → Fund Now

High ROI, high feasibility.

Core drivers of strategic and financial performance.

Examples:

- High-impact automation
 - Strong revenue uplift opportunities
 - Differentiating customer experience improvements
 - Platform capabilities with clear feasibility
-

DPI 10–14 → Fund Soon

Solid value, manageable feasibility.

Promising initiatives that require sequencing or dependencies to be resolved.

Examples:

- Strategic capability investments
 - Customer-facing enhancements
 - Efficiency improvements with moderate complexity
-

DPI 1–9 → Fund Later / Rethink

Low ROI, low feasibility, or both.

These may require redesign, reevaluation, or deprioritization.

Examples:

- Overly speculative initiatives
- Projects dependent on unready systems
- Investments with unclear value capture

- Initiatives that rank low compared to alternatives
-

6.4 DPI as a Portfolio Tool

Because DPI applies uniformly to every initiative, executives can immediately see:

- **Portfolio balance across quadrants**
- **Top-value initiatives**
- **High-strategic but high-risk items**
- **Operational quick wins**
- **Feasibility bottlenecks**
- **Underperforming proposals**

This shifts prioritization from debate to **data-driven allocation**.

Executives move from:

“What do we feel is important?”

to

“What does the value and feasibility profile tell us?”

6.5 Why DPI Works

DPI is intentionally **simple**, but built on a **rigorous foundation**:

- It captures both strategic and monetary value
- It integrates feasibility, the most overlooked determinant of success
- It provides a single interpretable score
- It enforces comparability across the enterprise
- It is resistant to “storytelling inflation”
- It aligns perfectly with the Balanced Scorecard logic and enterprise value creation

In most enterprises, the missing piece in capital allocation is not data—it is **standardization**.

DPI provides that standardization.

6.6 DPI as a Strategic Instrument

Over time, DPI becomes more than a scoring mechanism:

- It shapes investment behavior
- It reveals capability gaps
- It exposes chronic feasibility problems
- It improves modeling discipline
- It enhances governance integrity
- It creates a transparent ecosystem of decision accountability

In mature Thorec® organizations, DPI becomes as fundamental as NPV, EBIT, or cost-to-serve.

DPI is the bridge between value logic and executive decision-making.

It is simple enough to govern at scale, and powerful enough to anchor enterprise-wide capital allocation.

The Decision Engine: From Scenarios to Approval

The Decision Priority Index (DPI) provides a standardized assessment of initiative value and feasibility.

But **DPI alone does not make an investment decision**—executives must see the whole portfolio, understand strategic balance, evaluate risk, and assess scenario-based outcomes.

The **Decision Engine** in Thorec® transforms DPI scores and Economic Engine outputs into actionable, portfolio-level decisions. It provides the structure, transparency, and rigor required to approve initiatives with confidence.

7.1 The Purpose of the Decision Engine

Modern enterprises must make capital allocation decisions across:

- Competing initiatives
- Multiple business units
- Limited capacity and budget
- Strategic priorities
- Variable risk profiles
- Time-sensitive opportunities

The Decision Engine enables leaders to:

- Compare all initiatives on equal footing
- Explore investment scenarios
- Build balanced portfolios
- Understand trade-offs
- Approve initiatives with full value logic
- Freeze baselines for downstream capture

This shifts investment governance from **opinion-based negotiation** to **data-driven decision clarity**.

7.2 Scenario Engine Outputs

The Decision Engine evaluates scenarios by integrating:

1. DPI Rankings

Reveals “what rises to the top” in each funding scenario.

2. Value Curves (MROI/SROI)

Aggregated economic outcomes of different funding mixes.

3. Strategic Balance Across Quadrants

Ensures investments support Organizational Capabilities, Efficiency, Differentiation, and Revenue Performance.

4. Budget Utilization & Capacity Constraints

Shows where bottlenecks form and where sequencing is required.

5. Initiative Dependencies

Ensures capability prerequisites are acknowledged.

6. Feasibility & Risk Signals

Highlights initiatives with high-value but low-readiness profiles.

7. Sensitivity Profiles

Shows how resilient the scenario is to assumption variations.

Executives can generate:

- A **high-value scenario**
- A **balanced scenario**
- A **strategic uplift scenario**
- A **resource-constrained scenario**
- A **feasibility-first scenario**

This unlocks transparent trade-offs.

7.3 Strategic Balance: The Portfolio View

For the first time, executives can see:

- Are we overfunding efficiency?
- Are we underinvesting in future capabilities?
- Are customer-centric investments gaining enough weight?
- Are financial initiatives receiving disproportionate prioritization?
- Is our portfolio aligned to our strategy or drifting from it?

The **Strategic ROI Matrix™**, combined with DPI and scenario scoring, reveals the shape of the investment portfolio—not just the list of funded projects.

This ensures that capital allocation is:

- Balanced
- Strategic
- Transparent
- Intentional

A portfolio is no longer the output of negotiation; it becomes the **result of structured governance**.

7.4 Fund Now → Fund Soon → Fund Later

The scenario engine uses DPI bands to place initiatives into funding categories:

- **Fund Now** — high DPI, high readiness, strong return
- **Fund Soon** — strong strategic relevance, but sequencing or dependency considerations
- **Fund Later / Rethink** — low value, high risk, or unclear assumptions

This classification is not political.

It emerges naturally from the Economic Engine and Feasibility framework.

7.5 Approve for Capture: The Governance Handshake

Once decision-makers finalize a scenario, Thorec® initiates the **Approve for Capture** transition — a *governance handshake* that locks the valuation logic so results can later be measured.

This includes:

1. Baseline Freeze

- All KPI baselines are locked
- Expected Δ KPIs are recorded
- Financial assumptions are snapshot
- Timing and feasibility assumptions are preserved

2. Governance Record Creation

- Creates a permanent audit artifact
- Ensures value accountability across the lifecycle

3. Capture Eligibility

- Initiatives move into the Capture Module
- Value realization becomes measurable

Baseline freezing is the **single most important prerequisite** for true ROI governance. Without a frozen baseline, no enterprise can objectively assess value.

7.6 The Decision Engine Makes Governance Scalable

Most organizations rely on subjective consensus and manual review cycles.

Thorec® replaces this with a scalable, algorithmically supported governance system:

- Transparent assumptions
- Comparable valuations
- Automated prioritization
- Scenario intelligence
- Baseline governance
- Audit-grade capture readiness

Executives spend less time debating numbers and more time shaping the strategic direction of the enterprise.

7.7 DPI as a Decision Input, Not a Performance Measure

DPI is used exclusively within the Strategic ROI Matrix™ to prioritize initiatives.

It is not retroactively adjusted, and it is not used to measure realized value.

DPI remains fixed once decisions are made to preserve governance integrity.

Realized value, variance signals, and the **Decision Accuracy KPI** are displayed exclusively in the **Enterprise View**, which tracks how well the organization's decisions perform over time.

This ensures:

- DPI remains a transparent, stable prioritization tool
- The Enterprise View becomes the source of governance learning
- Decision-making speed is preserved
- Governance integrity is protected

Baseline Creation & Governance

The transition from decision to execution is where most enterprises lose control of value realization.

While business cases often project attractive returns, organizations rarely preserve the assumptions required to measure whether those returns are actually achieved.

Thorec® solves this problem with **Baseline Governance**—a structured, mandatory process that freezes value assumptions at the moment of approval, creating an auditable foundation for downstream capture.

This is the critical link that transforms Thorec® from a prioritization system into a **full lifecycle governance infrastructure**.

8.1 Why Baseline Governance Is Essential

Without baseline governance, it is impossible to determine:

- What value the initiative *was expected* to deliver
- Which KPI definitions and values were assumed
- Whether the modeled Δ KPPI range was realistic
- Whether financial logic and conversion rules held true
- Whether execution teams delivered as planned
- Whether the business case was valid or overstated
- Whether the organization is learning from past investments

Most enterprises operate without these fundamentals, creating a situation where:

- “Success” is subjective
- Assumptions drift without documentation
- Accountability becomes blurred
- Value cannot be validated or disproven
- No improvement cycle exists for future decision-making

Thorec® corrects this through a mandatory governance step.

8.2 The Baseline Freeze: What Gets Locked

When an initiative moves from Decision to Capture, the system automatically creates a **Baseline Snapshot** capturing:

1. KPI Definitions & Baseline Values

The specific KPI version, unit of measure, and starting value.

2. Expected Δ KPIs (Min/Max)

The explicit range defining predicted impact.

3. Economic Engine State

- Monetization rules
- Conversion logic
- Time-to-value assumptions
- Financial horizon
- Value distribution across Min / Expected / Max ranges

4. Feasibility Score & Risk Profile

Ensures future variance analysis is contextualized.

5. Initiative Metadata

Owner, contributors, dependencies, scope definition.

All elements are locked in a **read-only governance record**.

This makes the forward measurement of ROI mathematically and operationally sound.

8.3 Preventing Assumption Drift

One of the biggest silent value destroyers in enterprise transformation is **assumption drift**—the quiet, undocumented changes to KPI definitions, baselines, or initiative scope after approval.

Thorec® eliminates this by:

- Freezing approved assumptions
- Preventing unauthorized edits

- Enforcing versioning for any changes
- Ensuring capture logic always references the approved baseline

If a legitimate change occurs (e.g., strategy pivot, organizational restructuring, KPI revision), it must go through a **governance change request**.

This creates transparency, auditability, and decision traceability.

8.4 Governance Integrity Through SoD

Baseline creation interacts directly with Thorec®'s **Role Governance & Separation of Duties (SoD)** model:

- **Initiative owners cannot validate their own value claims**
- **Financial controllers cannot modify KPI forecasts**
- **Steering committees approve but do not model ROI**
- **Independent capture roles validate realization against baseline**

This prevents:

- Optimism bias
- “Sandbagging”
- Political interference
- Manipulation of assumptions
- Self-evaluation

This is enterprise-grade governance.

8.5 Baseline Governance as a Strategic Capability

Organizations that adopt baseline governance experience transformational benefits:

- Capture becomes meaningful and measurable
- Value discussions become objective and comparable
- Investment discipline increases
- Prediction quality improves

- Strategy execution becomes more transparent
- Executive trust in the investment process grows

Baseline Governance is not just an administrative step—
it is the control point that enables a closed-loop value lifecycle.

The Capture Module — Measuring Captured ROI

Most enterprises excel at *approving* initiatives but fail to measure whether value was ever realized.

This leaves executives with no clear understanding of:

- Which investments worked
- Which failed
- Whether assumptions were realistic
- Whether execution delivered the expected impact
- Whether the organization is improving its decision quality over time

This gap undermines strategic ambition, financial performance, and organizational learning.

The **Thorec® Capture Module** closes this gap by providing a structured, repeatable process for measuring realized value against the approved baseline.

It converts investment governance from a forward-looking exercise into a **full lifecycle discipline**.

9.1 The Purpose of Capture

Capture ensures that:

1. **Value is confirmed, not assumed**
2. **Executives receive factual ROI reporting**
3. **Initiatives are accountable to their predictions**
4. **Assumptions are tested against reality**
5. **Decision-makers learn from variance patterns**
6. **Future investment decisions become more accurate**

Without capture, the enterprise cannot:

- Improve its DPI modeling
- Strengthen feasibility scoring
- Challenge flawed assumptions
- Reward high-performing initiatives

- Identify structural blockers in execution

Capture is the **feedback loop** that makes Thorec® a governance system—not just a prioritization model.

9.2 The Four Executive Checkpoints

Capture is structured around four checkpoints that reflect the real lifecycle of value realization:

1. ROI Begin

The initiative reaches the point where value *should* start emerging.

Examples:

- A process automation goes live
- A customer experience enhancement is deployed
- A data platform begins serving production workloads

This sets the starting point for measurement.

2. Adopted

The organization begins to use the new capability at scale.

Examples:

- Adoption rate surpasses threshold
- Processes are migrated to the new workflow
- Customer interactions flow through the new digital path

At this stage, value realization can be observed directly.

3. Keep Assumptions?

A structured checkpoint to validate whether the model assumptions remain valid.

Key questions:

- Has the process volume changed?
- Has the customer mix or margin shifted?
- Do external factors make the financial model outdated?
- Are KPI definitions still identical to the baseline?
- Have strategic priorities changed?

This prevents “zombie ROI”—value claims based on outdated assumptions.

4. Variance OK?

The final step, where realized values are compared against the baseline.

Variance is categorized as:

- **Positive variance** — exceeded expectations
- **Acceptable variance** — within sensitivity range
- **Negative variance** — under-delivered
- **Out-of-tolerance variance** — requires governance review

This becomes the foundation for **Decision Accuracy**, organizational learning, and executive reporting.

9.3 Measuring Captured Value

The Capture Module performs three core calculations:

1. Δ KPI Realized

Actual KPI movement since baseline.

2. MROI / SROI Realized

Value unlocked according to Economic Engine logic.

3. Variance to Baseline

Realized vs. Expected for every KPI value row.

This allows the enterprise to clearly see:

- Where assumptions held

- Where execution performed strongly
- Where reality diverged from the model
- Which types of initiatives consistently outperform expectations
- Where feasibility assessments need correction
- How to improve DPI scoring

Capture turns investment governance into a **learning system**.

9.4 Decision Accuracy: The Governance KPI

Thorec® introduces a governance KPI that no enterprise previously had:

★ ****Decision Accuracy =**

How close predictions were to the realized outcome.**

Decision Accuracy is measured across:

- Initiatives
- Quadrants
- Business units
- KPI types
- Modeling teams
- Functional domains

Executives can finally answer:

- *Are we good at predicting value?*
- *Where are we systematically over-optimistic?*
- *Where are we delivering better-than-expected results?*
- *Which business units produce the most reliable modeling?*

Decision Accuracy is a powerful driver of enterprise maturity.

9.5 Governance Integrity Through Separation of Duties (SoD)

Thorec® enforces strict SoD rules during capture:

- Initiative owners **cannot** validate their own value
- Controllers and strategy teams validate realized impact
- Independent roles evaluate assumptions
- RLS (Row-Level Security) prevents tampering

This ensures credibility and prevents:

- Politically inflated results
- Concealed underperformance
- Undocumented assumption changes
- Manipulation of KPI movement

Capture becomes an **objective governance process**, not a self-reported success story.

9.6 Capture as a Strategic Capability

Organizations that adopt rigorous capture:

- Learn faster
- Allocate capital more effectively
- Strengthen strategic alignment
- Improve transformation outcomes
- Build trust between business and finance
- Create transparency from strategy to execution

Capture transforms value measurement from a one-time estimation into a continuous feedback mechanism.

****The Capture Module completes the closed-loop lifecycle:**

Decisions are not only made—they are validated, learned from, and improved over time.**

9.7 Thorec® is built on a dual-system architecture:

1. The Strategic ROI Matrix™ (Decision Engine)

- Prioritizes initiatives using DPI
- Shows strategic balance across quadrants
- Ensures feasibility and value logic are consistent
- Supports rapid, evidence-based decisions

2. The Enterprise View (Capital Flow & Governance Intelligence)

- Shows how value flows through the enterprise
- Tracks variance and realized value
- Displays Decision Accuracy KPI
- Highlights portfolio coverage and strategic maturity
- Reveals governance and modeling patterns
- Supports long-term improvement of decision quality

This design enables both **decision velocity** and **strategic learning** without creating bureaucracy.

Executives get:

- A clean, fast decision engine (Matrix)
- A deep, longitudinal intelligence system (Enterprise View)

Together, they form a modern governance infrastructure for capital allocation.

10. Use Cases & Flow Illustrations

The value of Thorec® becomes clear when viewed through real flows inside the platform. Each use case below demonstrates how the governance cycle works **from Strategy to Enterprise View**, following the canonical chain:

Strategy → Drivers → KPIs → Initiatives → Financial Model → DPI → Prioritization Matrix → ROI Capture → Enterprise View

10.1 Use Case 1 — Cascading Strategy into Measurable Value

Situation:

A leadership team defines new strategic priorities: digital customer experience, operational resilience, and cost productivity.

Flow through Thorec®:

1. Strategy

Executives define strategic themes in the Strategy layer.

2. Drivers

Strategy is decomposed into Drivers explaining *why* value occurs (e.g., automation reduces cycle time; personalization improves conversion).

3. KPIs

KPIs linked to each Driver standardize *how* value will be measured (e.g., NPS, AHT, throughput, churn rate).

4. Initiatives

Business units propose initiatives and connect them to the KPIs they influence.

5. Financial Model

KPI Value Rows define Δ KPI ranges, monetization logic, timing, feasibility.

6. DPI

Initiatives receive a standardized priority score ($\text{ROI} \times \text{Feasibility}$).

7. Prioritization Matrix

The Strategic ROI Matrix™ shows where initiatives sit:

-

- 1. Organizational Capabilities

-

2. Operational Efficiency

-

3. Market Differentiation

-

4. Sales & Service Performance

8. Approval

Leadership selects a portfolio based on strategic balance and DPI ranking.

9. ROI Capture

Initiatives enter capture; KPI movement and monetary/strategic value are measured.

10. Enterprise View

Executives see portfolio-level strategic uplift, monetary performance, and decision accuracy.

Outcome:

Strategy becomes measurable, traceable, and governable — not abstract.

10.2 Use Case 2 — Modeling and Prioritizing Initiatives

Situation:

Five initiatives all claim to support customer experience, but leaders cannot compare them.

Flow through Thorec®:

1. Initiatives are mapped to **KPIs in the Market Differentiation quadrant**.
2. Each team defines Δ KPI ranges (e.g., NPS +2 to +5, churn reduction 1–3%).
3. Economic Engine produces **MROI/SROI** for each initiative.
4. DPI provides a comparable score (e.g., 20, 16, 14, 9, 8).
5. Prioritization Matrix shows which initiatives offer:
 - High SROI strategic uplift
 - Strong feasibility
 - Clear monetary impact
6. Leadership reviews the matrix and approves funding sequence.

Outcome:

DPI and the matrix replace political negotiation with transparent prioritization.

10.3 Use Case 3 — Operational Efficiency at Scale (Internal MROI)

Situation:

Operations must reduce handling time across multiple processes but cannot compare initiatives.

Flow through Thorec®:

1. All initiatives map to **Operational Efficiency KPIs**:
 - AHT
 - Cycle time
 - FTE hours
2. KPI Value Rows define min/max Δ KPIs and conversion logic.
3. Financial Model produces comparable MROI.
4. DPI highlights high-value, high-feasibility opportunities.
5. The Prioritization Matrix shows internal efficiency cluster performance.
6. Approved initiatives enter **ROI Capture** with frozen baselines.
7. Enterprise View reports delivered MROI and identifies process patterns.

Outcome:

Efficiency initiatives become comparable and governable at scale.

10.4 Use Case 4 — Linking Customer Experience to Strategic ROI

Situation:

A CX team wants to justify investment in personalization and experience redesign.

Flow through Thorec®:

1. CX initiatives map to **Market Differentiation KPIs**:
 - NPS
 - Issue Resolution Time

- CX-driven churn reduction
- 2. KPI Value Rows quantify expected Δ KPIs.
- 3. The Economic Engine converts strategic impact into **SROI Scores**.
- 4. Initiatives receive DPI scores that combine strategic value with delivery feasibility.
- 5. Prioritization Matrix reveals strategic distribution and identifies over/under-weighting.
- 6. Approved initiatives enter capture, where actual CX uplift is measured.
- 7. Enterprise View shows long-term differentiation trajectory.

Outcome:

Strategic investments become quantifiable and comparable, not conceptual.

10.5 Use Case 5 — Full Lifecycle Governance (Decision → Capture → Enterprise Learning)

Situation:

Leadership wants to ensure transformation investments actually deliver.

Flow through Thorec®:

1. Decision Engine scores and ranks initiatives.
2. Once approved, **baselines freeze** assumptions.
3. Initiatives move into **ROI Capture**:
 - ROI Begin
 - Adopted
 - Keep Assumptions?
 - Variance OK?
4. The system calculates realized Δ KPIs and MROI/SROI.
5. Variance analysis identifies:
 - Modeling accuracy
 - Execution performance
 - Persistent risk themes

6. **Decision Accuracy KPI** feeds into the next cycle.
7. Enterprise View aggregates performance across quadrants.

Outcome:

The enterprise becomes self-correcting — continuously improving decision quality.

10.6 Summary: The Complete Thorec® Flow

Every use case demonstrates the same unified lifecycle:

**Strategy → Drivers → KPIs → Initiatives → Financial Model → DPI → Prioritization Matrix → ROI
Capture → Enterprise View**

This is not a project tool.

Thorec® is the **governance operating system** for value creation.

Glossary & Canonical Definitions

This section defines the standardized terminology used throughout Thorec® and the Strategic ROI Matrix™.

It ensures consistency across strategy teams, business units, governance committees, implementation partners, and system documentation.

These definitions are canonical and must be used across all internal and external materials.

★ 11.1 Core System Concepts

Thorec®

The enterprise governance infrastructure for capital allocation.

A system that connects strategy, value modeling, decision governance, ROI measurement, and enterprise-level insights.

Strategic ROI Matrix™

The value framework that classifies impact into two dimensions—**Monetary ROI (MROI)** and **Strategic ROI (SROI)**—across four canonical quadrants:

1. **Organizational Capabilities** (SROI × Internal)
2. **Operational Efficiency** (MROI × Internal)
3. **Market Differentiation** (SROI × External)
4. **Sales & Service Performance** (MROI × External)

Governance Chain / Value Lifecycle

The full lifecycle managed by Thorec®:

Strategy → Drivers → KPIs → Initiatives → Financial Model → DPI → Prioritization Matrix → Baseline Freeze → ROI Capture → Enterprise View

★ 11.2 Strategy Layer

Strategy Themes

High-level enterprise priorities (e.g., Customer Experience, Productivity, Modernization).

Drivers

Qualitative causal explanations describing *why* a strategy theme creates potential value. Drivers do not contain numeric assumptions; they provide narrative logic that KPIs quantify.

★ 11.3 KPI Layer

Key Performance Indicators (KPIs)

The standardized, measurable units of value in Thorec®.

KPIs determine how value is quantified, tracked, attributed, and captured.

KPI Baseline

The locked starting value used for all value calculations and capture.

Δ KPI (Delta KPI)

The expected change in a KPI due to an initiative.

Defined as a range (min/expected/max) to reflect uncertainty and impact boundaries.

KPI Value Row

The structured, standardized representation of how a single KPI is affected by an initiative, including baseline, Δ KPI, conversion logic, timing, feasibility, and quadrant classification.

★ 11.4 Initiative Layer

Initiative

A structured effort intended to move one or more KPIs.

An initiative contains logic, assumptions, feasibility scoring, cost profiles, and timing.

Initiative Owner

The individual accountable for defining, executing, and tracking an initiative.

Cannot validate their own value realization (SoD rule).

★ 11.5 Economic Engine

Monetary ROI (MROI)

Short-cycle, financial impact measurable in euros or cost equivalents.

Examples: productivity, cost reduction/avoidance, revenue uplift, margin improvement.

Strategic ROI (SROI)

Long-term value creation related to capabilities, differentiation, resilience, and customer experience.

Measured through strategic KPIs and converted to comparative SROI scores.

Sensitivity Range (Min / Expected / Max)

Range logic reflecting conservative, realistic, and optimistic outcomes.

Financial Model

The deterministic engine that converts $\Delta KPI \rightarrow MROI/SROI$ using standardized monetization rules.

★ 11.6 Prioritization Layer

ROI Score (1–5)

Normalized representation of combined MROI + SROI value.

Feasibility Score (1–5)

Structured assessment of execution difficulty, risk, and readiness.

Decision Priority Index (DPI)

★ **$DPI = ROI\ Score \times Feasibility\ Score$**

Produces a 1–25 priority score for consistent comparison.

Prioritization Matrix

A 2×2 strategic-impact map showing initiative distribution across the four Strategic ROI Matrix™ quadrants.

Used to identify strategic balance, over/under-investment, and portfolio composition.

★ 11.7 Governance & Execution

Baseline Freeze

The governance step where KPI baselines, ΔKPI s, financial assumptions, and feasibility scores are locked to enable objective measurement of realized value.

Capture Module

The system for measuring realized value vs baseline across:

1. ROI Begin
2. Adopted
3. Keep Assumptions?
4. Variance OK?

Decision Accuracy KPI

A governance metric measuring how close predicted value was to realized value, improving decision quality over time.

★ 11.8 Roles & Integrity

Separation of Duties (SoD)

Governance rule preventing any individual from both claiming and validating value. Ensures credibility, prevents manipulation, and enforces audit-grade integrity.

RLS (Row-Level Security)

Technical enforcement of SoD ensuring the correct individuals can see, edit, or validate only the appropriate data.

★ 11.9 Enterprise-Level Insights

Enterprise View

The strategic roll-up showing:

- Total MROI delivered
- Total SROI uplift
- Variance patterns
- Strategic trajectory
- Quadrant balance
- Decision Accuracy trends
- Transformation impact

Portfolio Balance

Distribution of initiative value across the four quadrants, used to evaluate alignment with strategy.

Canonically Approved Naming Rules

1. Always use **Thorec®** (not Thorroi).
2. **Strategic ROI Matrix™** is the primary value model.
3. Use **MROI** and **SROI** (not TROI or Financial ROI as standalone axes).
4. Quadrant 3 is always **Market Differentiation**.
5. Quadrant 4 is always **Sales & Service Performance**.
6. DPI is always calculated using the **1–5 × 1–5 model**.
7. Drivers are qualitative; KPIs hold numeric value.
8. Capture requires a **baseline freeze**—no exceptions.

Implementation Path & Maturity Curve

Thorec® is designed to integrate into the governance rhythm of the enterprise—not to replace existing tools or disrupt operating models, but to **strengthen decision-making, value realization, and strategic alignment** over time.

Enterprises typically adopt Thorec® through a structured maturity curve with three phases:
Pilot → Institutionalization → Continuous Governance Excellence.

12.1 Phase 1 — Pilot (8–12 Weeks)

The pilot introduces the core mechanics and validates impact quickly.

Scope Includes:

- Selecting a small portfolio of initiatives (6–12)
- Defining KPIs using the Strategic ROI Matrix™
- Modeling initiatives through the Economic Engine
- Applying DPI for prioritization
- Running the first baseline freeze
- Training initiative owners and controllers
- Introducing Capture for the selected initiatives

Outcomes:

- Executives experience the clarity of standardized valuation
- Early-stage decision quality improves
- A portfolio begins to take shape
- Teams understand how to model value using KPIs and Δ KPI logic
- Governance sees measurable uplift in discipline

The pilot establishes the foundation for enterprise rollout.

12.2 Phase 2 — Institutionalization (3–9 Months)

At this stage, Thorec® becomes a **repeatable operating model** across the organization.

Scope Includes:

- Expanding the KPI Library across business units
- Integrating strategic themes and Drivers
- Training initiative authors at scale
- Operationalizing Baseline Governance
- Implementing separation of duties
- Launching Capture as a formal governance requirement
- Producing quarterly portfolio prioritization cycles

Outcomes:

- Leaders gain visibility across all in-flight and pending initiatives
- Portfolio becomes balanced across quadrants
- Assumption rigor improves
- Execution teams understand value accountability
- Decision-making becomes faster, clearer, and more defensible

Institutionalization embeds Thorec® into the strategic governance DNA.

12.3 Phase 3 — Continuous Governance Excellence (Ongoing)

In this phase, Thorec® becomes the **enterprise's strategic intelligence system**, enabling continuous learning and value optimization.

Scope Includes:

- System-wide portfolio optimization
- Continuous Capture with variance analysis
- Decision Accuracy KPI becomes a leadership metric
- Scenario planning becomes quarterly routine
- Strategic rebalancing occurs proactively
- Integration with finance, strategy, and transformation reporting
- Enterprise View becomes a standing agenda item in executive reviews

Outcomes:

- Transformation ROI becomes predictable
- Strategic investments are intentionally balanced
- Feasibility scoring becomes more accurate
- Modeling maturity grows across the organization
- Capital allocation becomes a competitive advantage

Thorec® enables leadership to shift from reactive decision-making to **strategic capital orchestration**.

12.4 Maturity Curve Summary

Phase	Focus	What Improves	Result
Pilot	Learn the mechanics	Modeling discipline, KPI clarity	Early wins + transparency
Institutionalization	Scale governance	Portfolio view, assumptions, DPI accuracy	Enterprise alignment
Governance Excellence	Optimize value lifecycle	Capture, Decision Accuracy, reallocation	Strategic capital excellence

Thorec® evolves from a useful tool into a **governance engine** that powers strategic competitiveness.

Thorec® is not just a system — it is a governance capability.

With each maturity stage, the organization becomes faster, smarter, more transparent, and more strategically aligned.