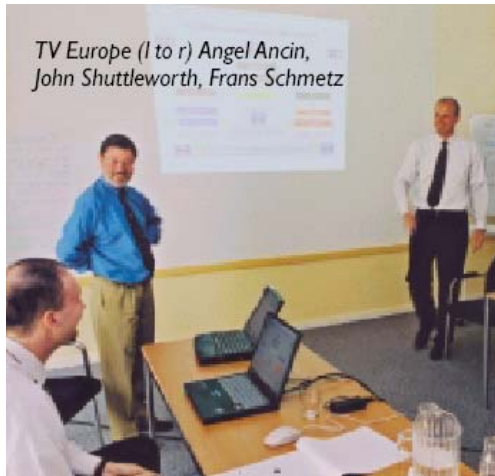


## “Score helps us find gold in the mountains”

*‘Philips Quality’ magazine interviews John Shuttleworth*



“Realising the full potential of a company is somewhat like looking for gold in the mountains. You are much more likely to find what you are looking for if you have someone who can show you how to organise the expedition” That is how Mr. John Shuttleworth, programme manager for SCORE describes the outcomes.

Over a period of two years, John introduced and supported a process for all 22 management teams in Philips Worldwide to underpin strategy setting and business planning.

‘We are working in a different way with our strategy’, he says. ‘But at the end of the day we are all looking for the full potential in our business.

With SCORE we analyse the business drivers and then work bottom up to forecast the outcomes. We can then clearly quantify the gap with top down targets that have been set.

The teams then use their knowledge, experience and creativity to identify potential scenarios.

Once the scenarios have been assessed for their impact on profitability, we finalize the strategy reaching a consensus and ownership the plan.

Further alignment has been achieved because it is now accepted that the first year of the strategy plan forms the framework for the following year’s budget. This will save much discussion and time in the later part of each year.’

Finally, the plan can be expressed in the form of Business Balanced Scorecards aligns perfectly with the Philips Business Excellence approach.

SCORE takes a management team through an eight step process, starting with creating awareness about the business environment, competitor behaviour, the market, technology and product road maps.

Analysis is done during a two days workshop. In this workshop we start with information gathered and discuss the possibilities to generate more income,’ explains Mr. Shuttleworth.

These possibilities, or “scenarios”, are fully assessed and some will be selected during the ‘SET THE STRATEGY’ workshop.

The process includes the formal steps of building the balanced scorecard to monitor and control deployment and realization of the strategy; and the communications plan in the form of the Strategy Review document.

The process is owned by the business manager and supported with a comprehensive simulation tool. Built on historical data, the tool allows the results of decisions or scenarios to be modelled for up to 4 years into the future.

SCORE was co-developed working in conjunction with Mercer Management Consulting under the sponsorship of Philips President, Adri Baan.

By the second strategy review round, SCORE was simplified and deployed as an entirely internal Philips process.



Experience shows that it works best as a facilitated process, a role that John Shuttleworth has taken with the majority of teams, especially those undertaking SCORE for the first time. 'The picture of the business builds up - like solving a jigsaw - as we analyse the organisation bit by bit. All aspects on costs are reviewed and allocated as closely as possible to the drivers. Scenarios which could help to make more money come from looking more closely at existing revenues and from exploring new possibilities and business models. In the end, the workshops help them define and underpin business strategy. Managers who have worked with SCORE become coaches in the true sense of the word, for other groups and in deploying in practice the outcomes of the workshops.'

The SCORE approach assists in linking strategy and budget. The early adopters demonstrated that this was possible and it was implemented throughout with the complete coverage of SCORE. This ensures strategy gets deployed. A further benefit of SCORE is that it delivers a business balanced scorecard.

SCORE is helping Philips to address the feeling amongst financial analysts that Consumer Electronics may not have been performing to its full potential. In this way, SCORE, with its combination of analysis and scenario working, is helping to identify and unlock this potential...those 'nuggets of gold' that would otherwise lie undiscovered in the mountain.



### What do managers think of SCORE?

Mike Mastrogiannis, Director of Business Audio, and based in Hong Kong, in closing of a workshop summed up by stating: "The message is clear; our strategy is clear; we will focus on the highest priority issues and once they have been tackled, we deploy the others in order. We have quite simply set the management team agenda for the coming year."

Wiebo Vaartjes, Director of Philips Speaker Systems, which is based in Malaysia: "We have a shared understanding to a level we have not seen before. Some very difficult issues have been dealt with on a facts based, objective way. I feel that the collective ownership and commitment to the strategy gives us the best possible chance to make it happen."

Bernhard Chytra, Director of Business Video, headquartered in Vienna: "As a year-one pilot for SCORE, the process was known to us. We have been able to use this maturity to calmly and professionally work step by step through the issues facing VCR. Understanding and insight has led us to transition scenarios and a future in which we can have a lot of confidence."

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