



EUROPARTNERSHIP WHITE PAPER

Strategic Conversations in Performance Management



Do you ever have to chose a way forward in an uncertain environment; or plan and manage change that affects several teams or divisions?

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Europartnership’s “Performance Management Toolbox” Series examines approaches and tools that can be deployed when implementing change and improvement programmes. Our aim is to bring together leading practice from around the World in an easy to read set of articles.

STRATEGIC CONVERSATIONS

Summary

How do you choose a way forward in an uncertain environment; or how do you plan for and manage change that affects several teams or divisions?

This paper looks at an approach that allows you to look at your options in the round. It has been labelled “strategic conversations” – and it establishes the context within which choices have to be made. This means quantifying: the potential outcome; people, process and resource implications; timescales; risks; critical success factors; and the key performance to track progress.

For seasoned managers of change, this article will reinforce good practice and will help you win over less experienced or ‘change averse’ colleagues. You will find a structured model and some practical experience that you can draw upon.

For those facing change without the experience of a successful programme behind you, you will find reassurance that we hope will encourage you to go forward armed with some practical tips and advice.

What’s in it for me?

- Focus on the outcomes and not just activity
- Strategies and options that have been thoroughly worked through
- Consensus from decision makers and those who commit to deliver
- Understanding of the implications for people, processes and budgets
- Risks assessed, quantified and monitored
- Move away from the “85% of organisations that don’t deliver their strategy”

Strategic Conversations...

...let you look at your options in the round. It's an approach that builds confidence in decision making establishing the context in which choices have to be made. This means quantifying: the potential outcome; people, process and resource implications; timescales; risks; critical success factors; and the key performance to track progress.

The essential point of "strategic conversations" is its systematic and structured approach to decision making. Once mastered, the technique can be applied to many situations. To give just a small flavour of how broadly it has been used:

- To choose which one of competing future technologies for inclusion in a development portfolio – in just one of many instances, developing a new product that led to the technology that we know today as 'Broadband'
- To decide whether a small enterprise should go for growth and market leadership, or remain high-return, low-risk niche player – the decision was to stick and set specific criteria for an exit scenario
- To prioritise from within an ambitious political manifesto for an incoming County Council Executive – a consensus was reached and the decisions are currently being implemented

How do you go about getting started with a strategic conversation?

Identify the people who know the most about the topic. They are going to be members of a working team for around 3 months. It needn't be the most senior executives – choose content experts. You need the people who are in the business day in and day out, who know what's going on, and for whom a decision will have a clear impact.

In terms of size, the team shouldn't be too big. Not more than 10 people. Use experienced facilitators to support the programme. The team brings experience and evidence – the facilitators keep to the programme to time and collate research, interviews, analysis and presentation material.

What are the key elements and steps of the process?

The process is built around a series of structured steps. We typically hold 3 team meetings held at six week intervals, each lasting a day or two. Workshops cover more than one step.

The first session usually focuses on defining the context. For instance, with a marketing programme the size and important trends, including competitive or benchmarking analysis.

The second session focuses on questions like: what is our current course and position? Where is our current performance taking us? What are the key levers and 'drivers' that we should consider? For instance, in a Local Government setting – are we going to meet the nationally set targets? If not, how big is the gap we need to address?

In session 3 we start to prioritise and identify options or scenarios. What if we did X? What are the impacts on each of our different stakeholders and our business? We often come up with four or five different scenarios to evaluate. We need at this point to be clear on what goals are important to us and what genuine constraints exist.

In the fourth session, we work on quantifying the scenarios and options. This means thinking in financial, political and all relevant practical outcome terms. The team needs to be prepared to rigorously debate whether we believe in scenario A, B, C, D...or some combination.

By the fifth and closing session, we're summarising recommendations for decision making.

Each session has clearly stated milestones and outputs. There are deliverables for each session, and in between sessions there is practical research and homework assignments for participants.

What is the role of the Board, Executive or Senior Management?

At the end of the process, we put senior management together with the team and lock them in a room. They can't leave without making a set of critical decisions. It's senior management who are ultimately accountable for delivering to their stakeholders – and they who can judge the options against the corporate goals and requirements.

Before the meeting, each participant will have read any background material. In the meeting itself, we present a set of scenarios in terms of the outcomes and implications. Each scenario has a set of conditions, whether environmental, technological, political, or something else. Options are discussed and the content experts in the room are quizzed. There is always a lively and interactive debate – and when an agreement is finally reached it is, more often than not, on the basis of real consensus.

Will you describe some tangible decisions resulting from strategic conversations?

A global technology company describes a strategic conversation outcome: 'We discovered that we had four separate development programs eating up a lot of money, which in the end would have delivered basically the same thing, but with different architectures. We decided to consolidate our development efforts, expand our range and increase marketing communications budgets. As a result, we significantly increased our market share and [we] are now the world's leading supplier. This process has also helped build much better collaboration and teaming across divisions.'

A County Council portfolio holder (senior elected politician): 'It has been a vitally important aid to us in concentrating our minds to the urgency and enormity of our task. From a personal point of view, it has given me more clarity of the timetable I need to follow to achieve our objectives, and some of the pitfalls along the way. None of us who attended the programme were left in any doubt of the job in hand.'

When can organisations use strategic conversations?

It's useful for:

- organisations with multiple divisions that are all impacted by the same technology
- those addressing the same customer segment (private or public sector)
- those subject to the same trends (private and public sector)
- those having different camps forming around a key strategic issue. One camp says we should turn left, another says right, and a third says go straight – yet the need is to reach consensus in a logical way.

What are the pitfalls to keep in mind?

Don't use strategic conversations lightly. It's intensive and it takes up a lot of senior-level time; for instance, the sponsor has to budget five or six hours in to review material and attend a meeting. Team members must dedicate at least five or six full days to attend the working sessions.

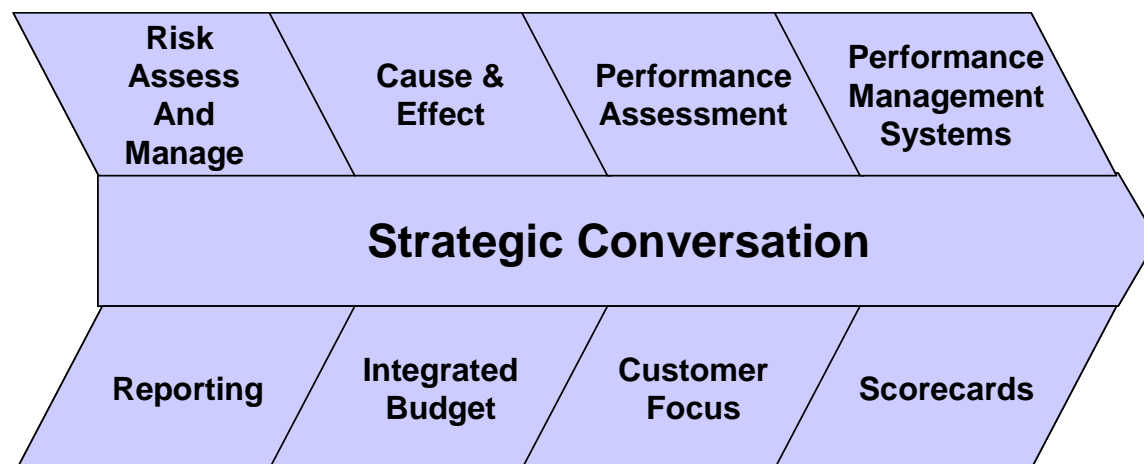
This has to be chief executive sponsored effort in order to get the best people to participate.

It is also a mistake to present too much information to the decision making board. Learn to put together a briefing document to read before the meeting. In the meeting itself, present only the highlights. The board will ask questions - and it quickly becomes obvious who is faking it and who is not. All team participants have to know the issues and the underlying data, so they have something relevant to say on the day.

You referred to other tools needed to complete the journey, what are some of these?

Many will be recognisable. Indeed, we would always recommend using a standard and proven technique whenever possible. Tools such as SWOT, fishbone diagrams, and structured brainstorming are used in almost every case,

Other tools have evolved to suit the approach: "Turn the Curve" for option generation and "Strategic Impact Grids" as powerful way of presenting those options in order to aid choice. But these tools can be learned and become part of the organisation's standard performance management toolbox.

***How flexible is the approach?***

As flexible as needs to be, without compromise to the end game. This is one of the aspects where the experience of the facilitator counts. Knowing when a 'light touch' is appropriate, or to call time on a milestone and move on, or when to challenge the team harder is very

much part of the role. Over time, however, we have learned what the 'must do' elements are – and if this means working to a conclusion before calling a session complete, that is what happens. As the programme builds successively through the steps, an incomplete closure at a milestone would jeopardise the end result. Participants pick this up early in the programme and, because they have a vested interest in the outcome of the process, recognise the need and respond accordingly.

Where did the name “Strategic Conversations” come from?

One organisation that had used the approach for a couple of years to support strategic planning came up with the name, and it has stuck. Every organisation is free to label it so that it gains maximum engagement within its own culture.

Does strategy arrived at through “Strategic Conversations” succeed more often than traditional planning approaches?

Yes, although if we believe conventional wisdom that 85% of strategy doesn't get implemented, that may not be difficult to achieve. Seriously, there is a solidly researched theoretical base for the approach. Success, as always, lies in a combination of factors – and frankly, we would be reluctant to guide an organisation through the process without being assured that the factors are all in place.

In essence, it is developing strategy within a context or framework that is looking forward, as opposed to building on the basis of historical performance. The context will identify and quantify the effect of more internal and external levers - or performance drivers – than traditional methods.

Add to this the active engagement and participation of interested parties – all of whom have had chance to work through the detail of what is proposed. This means that we see more personal commitment to implementation and delivery.

Finally, the identification and quantification of outcomes, inputs and performance drivers means that the chosen and 'signed off' strategy comes with a ready made roadmap that lends itself to performance monitoring – with early warning of elements that are 'off track' (whether within your control or not). In flight remedial action follows more swiftly and surely, using the knowledge built up of the environment and how it is likely to react to the new course action.

So remind me again briefly, “what is in it for me?”

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ABOUT EUROPARTNERHIP



Europartnership is a management consultancy that offers high quality services to clients designed to improve organisational performance.

This includes the provision of consulting services; software; facilitation; and training in performance management and strategy development.

Europartnership's skilled staff and consultants deliver ethical consulting services and work in partnership with clients to deliver continuous improvement programmes.

Our unique proposition and added value is that we work with organisations and, in so doing, transfer our knowledge and skills. Our aim is always:

“to equip organisations to improve performance”

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