



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

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...

Local Authorities have historically been organised along service delivery lines. This leads to a corporate 'federation' of focused departments, rather than an integrated Corporate whole able to respond to the 'whole' needs of a customer.

Services are often delivered as if they have nothing in common with each other – except in the way that they are financed.

This pattern has also been evident in business, especially towards the end of the 20th Century - albeit driven by very different reasons. For them, it was about deliberately building a 'basket' of disparate businesses. This spreads risk - a cyclical 'down' in one business was evened out by an 'up' in another. The ensuing stability is very attractive for investors, especially institutional investors, such as pensions funds, who want security and steady growth.

For both private and public sector organisations, the outcome is that individual parts work as silos. As long as each element delivers its own bottom line, no one cared overly much about collaboration or group-level working.

What is the customer's experience, interacting with each silo in isolation? One simple illustration, when a family moves house - it is necessary to locate and update perhaps a dozen unconnected customer databases in a dozen different places with their Local Authority!

Globalisation, Corporate Governance and customer focus are driving both private and public sectors to take an increasingly customer – and much less an organisational - focus. Common strategies, however, can also yield benefits and efficiencies for the organisation. Whichever way we look at it, the customer is the winner.

Traditional strategy-setting and planning processes cannot achieve customer focus

Traditional strategy and planning processes are linear and tend to use artificial constraints, such as the calendar, to determine the timing of review cycle. They are unsuited to looking issues that cut across different divisions or different operations within the organisation – or any pattern outside the annual round.

It is not an easy task to identify and bring about change or come to common understanding across services. To do that, you have to weigh tradeoffs among the different services. For this, it is critical to get the whole picture.

How do you begin to craft multiple frames of reference and strategies for what is essentially one key activity that cuts across the organisation?

How do you align all the elements - balancing the need for a service to plan its own delivery performance whilst ensuring it fits into the integrated picture?

One technique, evolved from the private sector to address these very requirements, is the "strategic conversation".

Getting started with a strategic conversation

Strategic conversations allow the people who know the most about the topic to be members of a working team for the three to four months. Not necessarily the highest level executives, but the content experts. It might well be a service owner; it might be a researcher, or a

specialist. You also need 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 effect.

In terms of size, the team shouldn't be too big – 10 to 12 people at most. The programme is supported by two experienced facilitators. They ensure that the team makes the most of its collective experience. They will prompt them when further evidence is needed – this can involve more research, interviews, and data analysis – and challenge the thinking and underlying assumptions.

What are the key elements and steps of the process?

The process is built around a series of structured steps. Meetings are planned to meet the needs and scope of the organisation. It has been successfully run as an extended process – half day meetings progressing step by step over several weeks; or a series of two-day workshops with a few weeks between; or as a focused residential event over several days. In each case the steps (one per session) are broadly the same.

The first step usually focuses on defining the scope - what it includes and what it does not, the important trends, and the information required to underpin future strategy on facts.

The second session focuses on issues such as: the current course and speed? What is our position in the in terms of delivered performance? Where is the value in this service today, and where is value changing? What are the key drivers and actions we need to consider?

At the third session, we start to prioritise the performance drivers - and to identify options for the future: What if we implemented a strategy X? What would the impact be on each of our different services and customers? There is no magic number, but teams often identify five to ten different 'scenarios' to evaluate.

At the fourth session, we work on quantifying the scenarios – including calculation of the financial implications behind them. This forms part of the evidence base for the decision as we put some rigour into the debate on scenario A versus B versus C.

By the fifth meeting, we are in a position to summarise discussions and document the outcomes in a way that makes for coherent and consistent communication to all interested stakeholders.

There are clear milestones and desired outputs or deliverables for each step, and between sessions there are individual homework assignments and analyses taking place.

What are the roles of Senior Management within the team?

In the end, this is why the process is called "strategic". At the end of the process, the team will have confronted, considered and taken the critical decisions for the future.

Scoping the exercise is one of its critical success factors. Participants work through a lot of material. During the process, options and scenarios are generated and weighed against each other having regard to the conditions such as their resource, financial, environmental, technological impacts - or other factors that have been identified by the team as key. A shared understanding of issues and each others views and contributions powerful and potent part of gaining commitment to the conclusions reached.

A final thought on what "strategic" means to any given team - be it a standing organisation or an ad hoc group of people brought together to address an issue. Strategic means putting their service or issue at the centre of the "conversation" - and building the context that surrounds it. In this way, the approach has been adapted to support all manner of medium and long term business and strategy planning.

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.

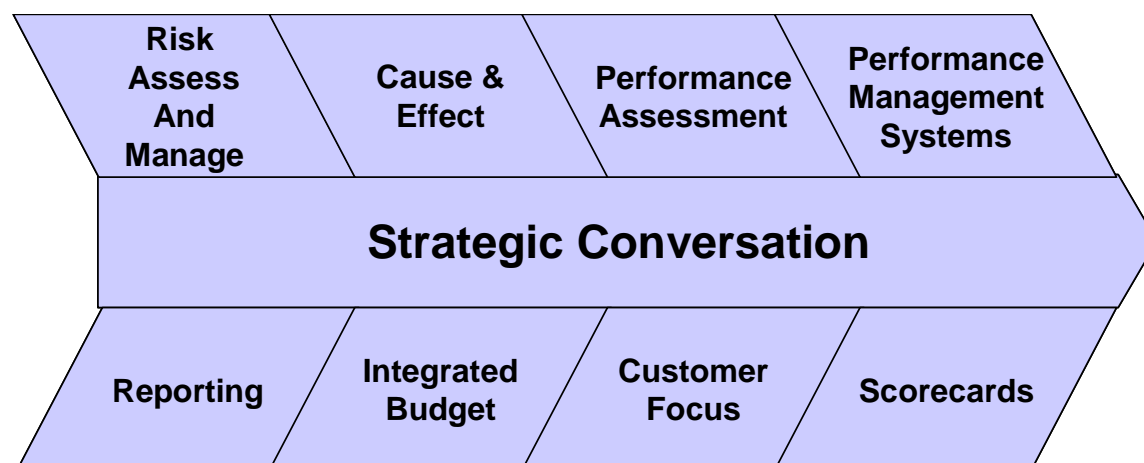
This has to be chief executive sponsored effort in order to get the best people to participate.

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.

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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”

**For more information contact
Neil Shuttleworth at Europartnership on
01323 479 588
or visit our website at:
<http://www.europartnership.com>**