



**EUROPARTNERSHIP WHITE PAPER
DIGEST**

**Strategic Conversations in
Performance Management**



Setting strategy and goals for an organisation in uncertain times calls for an open and inclusive approach

Contents:

Getting started

Key elements and steps

Role of the Board, Executive and Senior Management

Tangible results from strategic conversations

When to use strategic conversations

Pitfalls to keep in mind

Complementary tools and processes

A flexible approach

Strategic Conversations succeeds more often than traditional planning

Summary

How do you choose a way forward in an uncertain financial and business environment – or plan and manage change that affects several teams or divisions and address issues of risk and governance?

This paper looks at a proven approach that allows you to look at your options in the round. It has been labelled “strategic conversations”. 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 monitors 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 and looking for an alternative to their present approach, you will find reassurance and encouragement – along with practical tips and learning - from the experiences of others.

This digest is one of a series aimed at optimising use of SAP Enterprise Performance Management.

Order the full White Paper, including case studies, and a list of others in the SAP EPM Implementation Toolbox series from: john.shuttleworth@europartneship.com

STRATEGIC CONVERSATIONS IN PRIVATE SECTOR ORGANISATIONS

- Focus on the outcomes and not just activities
- Select strategic options that have been thoroughly worked through
- Are based on consensus between decision makers and those who commit to deliver
- Thoroughly understand the implications for people, processes and budgets
- Have risks assessed, quantified and monitored
- Take you out of 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 by 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.

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 team working part time for around 3 months. Choose up to 10 people who know most about what’s going on. Use experienced facilitators to support the programme.

What are the key elements and steps of the process? The process is built around a series of structured steps - typically hold 3 workshops at six week intervals, each lasting a day or two. Each workshop covers more than one of the sequential sessions. Sessions have clearly stated milestones and deliverables. Between sessions participants research and build the evidence base.

1. Define the context;
2. Focuses on questions such as: current course and position; ‘Performance Drivers’ in force; where current performance will take us;
3. Quantify the gap between this forecast and organisational goals;
4. Identify and prioritise scenarios. Assess the impact on stakeholders and business goals?
5. Quantify scenarios and options in financial and performance outcome terms;
6. Summarising recommendations for decision making;
7. Strategy mapping and constructing a Balanced Scorecard.

What is the role of the Board, Executive or Senior Management? At the end of the process senior management take the critical decisions – judging options against the corporate goals and requirements.

Describe some tangible decisions resulting from a strategic conversations programme? A global technology company discovered four parallel development programs which would have delivered basically the same thing, but with different architectures. Consolidating development efforts and increasing marketing communications budgets resulted in a significant increase in market share and becoming the world’s leading supplier.

When can organisations use strategic conversations?

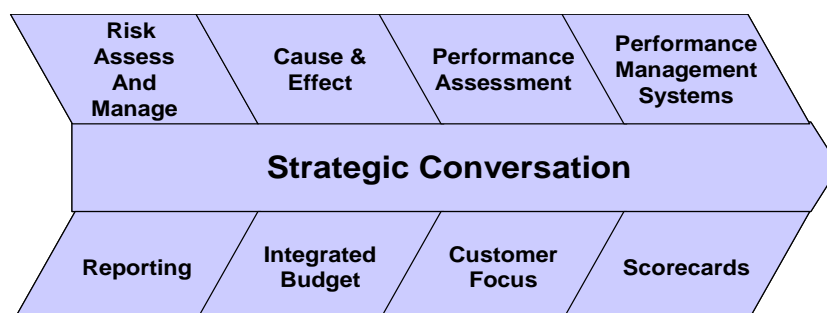
- multiple divisions all impacted by the same technology;
- subject to the shifting external trends;
- different internal camps on a key strategic issue.

EUROPARTNERSHIP: Strategic Conversations in Performance Management

What are the pitfalls to keep in mind?

- Strategic Conversations are intensive. The sponsor has to budget five or six hours in to review material and attend meetings. Team members must dedicate at least five or six full days to attend the working sessions over three months.
- This has to be chief executive sponsored effort.
- Presenting too much information to the decision making board.

What other tools needed to complete the journey, what are some of these? Tools such as SWOT, fishbone diagrams, and structured brainstorming are used in almost every case. Other tools that suit the approach: “Turn the Curve” for option generation and “Strategic Impact Grids” and “Balanced Scorecards”. All these are 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. 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 the responsibility of the facilitator.

Where did the name “Strategic Conversations” come from? An early adopter. Label it yourself to get maximum engagement within your own culture.

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

- 85% of strategy doesn’t get implemented. The shift to strategy setting in a forward looking framework rather than historical performance, identifies and quantifies the effects of internal and external levers - or performance drivers – than traditional methods;
- active engagement and participation of interested parties who have worked through the detail of proposed strategy and will commit to implementation and delivery;
- quantified outcomes, inputs and performance drivers means that the chosen and ‘signed off’ strategy has a roadmap for performance monitoring – a Balanced Scorecard. Remedial decisions use this new found knowledge plot a new course action.

Europartnership delivers high quality support designed to improve organisational performance through consulting, facilitation and training in strategy development, performance management and Balanced Scorecards. Our approach is to work in partnership with clients to establish continuous improvement programmes – adding value by knowledge and skills transfer.

Our mission is “to equip organisations to improve performance”

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