

# ACUI LEADERSHIP FORUM

Your Strategy Not Your Strategies

# Your Strategy Not Your Strategies

- A Winning Strategic Plan
- Involving the Board
- Communicating the Plan
- Delivering It

# A Winning Strategic Plan

- All About Strategy
- Part Gut; Part Head; Part Heart
- Documenting It

# All About Strategy

When the directors of HHH were asked, during the Royal Commission, what the Strategy of HHH was, they answered “growth”.

The Royal Commissioner stated that a director who could not articulate the strategy of the company should not be on the Board.

# All About Strategy

The meaning of Strategy according to Porter: the differentiation; the value proposition; what you do and what you don't do; tradeoffs.

# All About Strategy

- The danger of success with Strategy – beware!
- Sony Corporation: “Sony’s marketing mantra has sadly gone from “Sony. No Baloney!” to “Sony? No. Baloney!” It doesn’t take much to foul up a good thing. *John Dvorak: Will Sony Ever Be Sony Again?*
- Burns Philp

# All About Strategy

## Credit Unions' Strategy Options?

- **Customer intimacy** – builds brand with targeted customer segments; knows the customers it sells to and the products they need.
- **Customer value proposition** – uses business intelligence to create uniqueness and available banking alternative.
- **Owner value proposition** – members to determine whether they value their Credit Union more than offer to sell up.

# All About Strategy

- 3 Year plans not strategic
- 2 page plans best

# Part Gut; Part Head; Part Heart

## Gut:

- Janine Allis and Boost Juice.
- Crazy ideas – Reverse Mortgages?
- Savings and Loans – Credit Card.

# But, Beware The Gut

“The human understanding, once it has adopted opinions, either because they already were accepted and believed, or because it likes them, draws everything else to support and agree with them. And though it may meet a greater number and weight of contrary instances, it will, with great and harmful prejudice, ignore or condemn or exclude them by introducing some distinction, in order that the authority of those earlier assumptions may remain intact and unharmed.”

Sir Francis Bacon

# Beware The Gut

Concept	Meaning	Example
1. Contrast Effect	Judgements determined by context	Imagine three bowls of water – hot, mild, cold
2. Primacy Effect	Judgements influenced by initial impressions	Someone who is “envious, stubborn, critical, industrious, intelligent”
3. Recency Effect	Sometimes the more recent impressions can influence our thinking	If there is a delay between the two eg director voting in favour of a takeover proposal because of a recent positive experience with another takeover although an earlier one was disastrous

# Beware The Gut

The use and abuse of language!!!!

"A singular specimen of the scientific class of avis contained when the boundaries of the upper prehensile is roughly equivalent to a double inventory of that item within a low spreading ticket."

# Beware The Gut

<b>Bias</b>	<b>How It Works</b>
<b>Confirmation and Disconfirmation</b>	Seeing what you want to see. Relying on past experience
<b>Entrapment</b>	Protecting earlier choices. More likely to continue the more time and \$ invested.
<b>Attribution</b>	Tend to underestimate the impact of situational factors and overestimate personal ability; attribute success to internal causes and failure to external causes.

# The Head

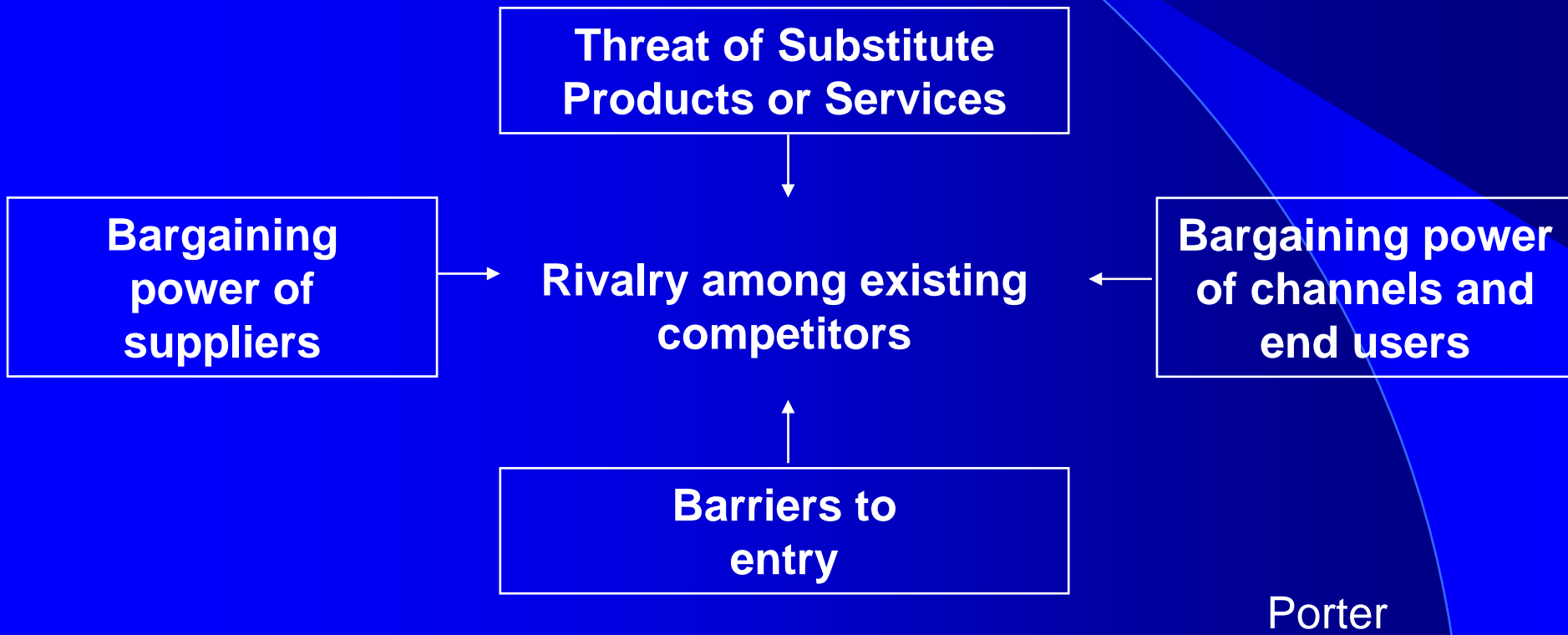
Expose the gut “idea” to  
objective, rational, logical, expert,  
intelligent testing.

# The Head – Some Examples

- Boost Juice
- Zoos Victoria: Future Strategies Group from advertising, science, finance, marketing, entertainment.
- EMC Corporation: 60 customers join product and engineering executives.

# The Head – Some “Test” Models

## Industry Competitive Forces



# The Head

Most Strategies only deliver 63% of potential value.

Debate assumptions not forecasts

Turning Great Strategy into Great Performance  
HBR, July-August, 2005

# The Head – Some “Test” Models

## The Integrity Model: *Trudeau & Associates*

1. Comprehensibility – Do we really understand what is being proposed?
2. Appropriateness – Does what is being proposed “fit” the organisation’s purpose?
3. Sustainability – Is the proposal one that will last given what is happening in the external environment?
4. Feasibility – Can we, in the company, actually do this?
5. Accountability – Is there a clear implementation plan showing who has to deliver what, and when?

# The Head – Some “Test” Models

The Seven Tests from page 12 of  
*DingoBank*.

# The Head – Some “Test” Models

- Devil's advocate approach.
- de Bono's "six hats"
  - White: information gathering
  - Red: feelings, intuition
  - Black: caution, critical judgement
  - Yellow: optimism
  - Green: creative thinking
  - Blue: overview, control

# The Head – Some “Test” Models

## To overcome groupthink

“Just because we assemble a group of intelligent, caring and competent persons does not mean they will form an intelligent, caring and competent group. Concluding that Boards are frequently incompetent groups of competent people is more comfortably accurate than cynical”

*John Carver*

# The Heart

## Vivid Description

We will create products that become pervasive around the world... We will be the first Japanese company to go into the American market and distribute directly... We will succeed with innovations like the transistor radio that American companies have failed at... Fifty years from now, our brand name will be as well known as many on Earth... and will signify innovation and quality that rivals the most innovative companies anywhere... "Made in Japan" will mean fine, not shoddy...

# The Heart

## **Purpose**

To experience the sheer joy of innovation and the application of technology for the benefit and pleasure of the general public.

## **Core Values**

Elevation of the Japanese national culture and status.  
Being a pioneer – not following others, but doing the impossible.

Respect and encouragement of individual ability and creativity.

## **Envisioned Future – “B.H.A.G.”**

Become the company known for changing the worldwide image of Japanese products as being of poor quality.

# The Heart

Consider the following terms:

- “Employer of choice”
- “Customer value proposition”
- “Going forward”
- Watch out for Weasel Words – Don Watson

# The Heart – An Example

## Charrette in Town Planning

# Document It – The 2 Pager

- Vision
- Purpose
- Values
- Key Result Areas: in what overarching areas will we have to change to achieve our VPV?
  - “8Ps”: people; product; place; price; processes; partnerships; physicals; promotion.
- Objectives: from SWOT in each KRA.
- Strategic KPIs for each year of plan

# The Business / Operational Plan

Aligned with the Strategic Plan

“Strategies” (tactics) to contribute to achievement of Objectives which can be implemented in the term of the business plan.

# Involving The Board

- Board That Can Operate At A Strategic Level
- A Systematic Approach
- Some Examples

# Board That Can Operate At A Strategic Level

- Skills / enthusiasm / time – position description
- Induction / ongoing training
- Experts: industry / other
- Management sessions

# A Systematic Approach

- Strategic thinking / planning not just a “September” thing.
- Board calendar includes, for example, previous year’s business plan performance analysis; economic and market outlook; capital formulation and financial plan; key external issues review / competitive analysis.
- Board policies to clarify, for example, format of Board papers “for decision”.

# A Systematic Approach

- The Board using the “Test” models.
- Requiring alternatives / options considered by management.
- Vision / Purpose / Values at top of agenda
- A reordered agenda: matters for decision, then discussion, then information / noting.

# Some Examples

- **Australia Post** – The Board and 100 diverse senior managers challenging the way things have always been done.
- **Westpac** – Financials considered in depth at quarterly board meetings so more time could be spent on innovation for the future.
- **Strategy Committee.**

# Communicating The Plan

## **Internally**

- Way it's written and where
- Chairman / CEO
- CEO for ever and ever and ever and ever

## **Externally**

- Reputation as THE critical success factor
- Website
- Annual Report
- AGM – how to involve members / presentation of plan

## **Your Ideas?**

# Delivering It

- Culture
- Internal Project Management Skills
- Monitoring

# Culture

- Best risk mitigator
- HIH; PwC report on nab
- Parmalat; 300 people knew but no one said anything

# Internal Project Management Skills

- Project plan/s; accountabilities; milestones; “no go” points; Board reporting.
- Post-implementation analysis
- Continual review

# Monitoring

It's All About Performance!

# Case Study

1. From the DingoBank's Board and Committee minutes, what do you think about its strategic planning process?
2. What do the minutes tell us about the Board? Please give specific examples.

# Case Study

3. Given the thrust of DingoBank's strategic direction, develop a great Vision, Purpose and Values for the bank.
4. Develop a strategic planning process for DingoBank, involving the Board, that would result in a robust strategic plan.

# Case Study

5. How could a Board Committee work to successfully steer a strategic planning process?
6. What suggestions do you have for communicating the strategic plan internally and externally?