

Strategic Planning: Purposeful Renewal of the Organisation

Our program:

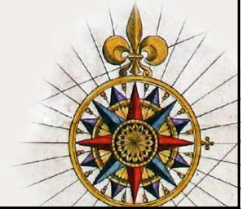
- The quickening pace of change
- Models of adaptation
- ➔ ● On renewing an organisation
- The infrastructure of renewal
 - Insight
 - Values
 - Narrative
 - Options
 - Machinery
- Managing for renewal



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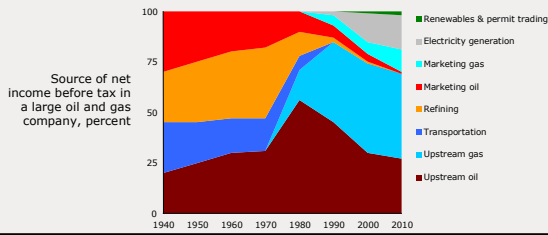
What is renewal?



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What is renewal?

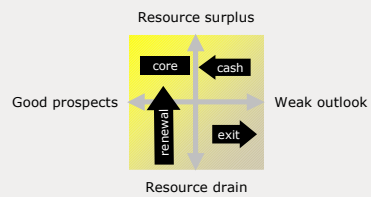
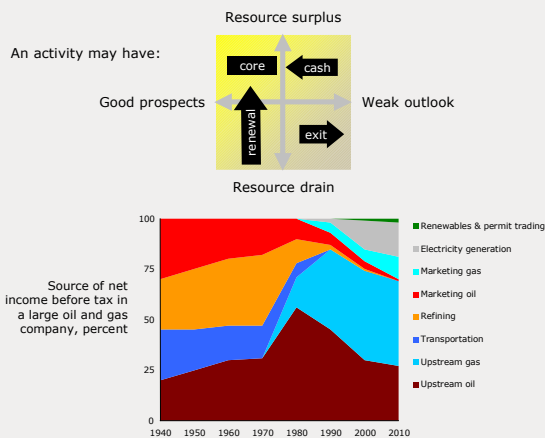
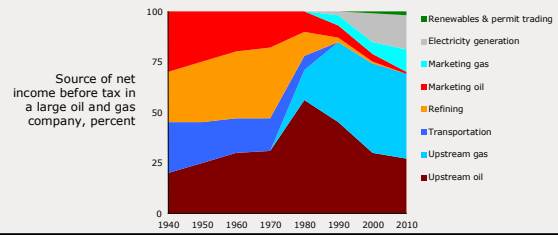


Renewal therefore occurs chiefly at the level at which projects are assessed and surplus resources are re-allocated.

These resources can be paid back to creditors, or re-invested. Can the organisation make better use of them than the market?

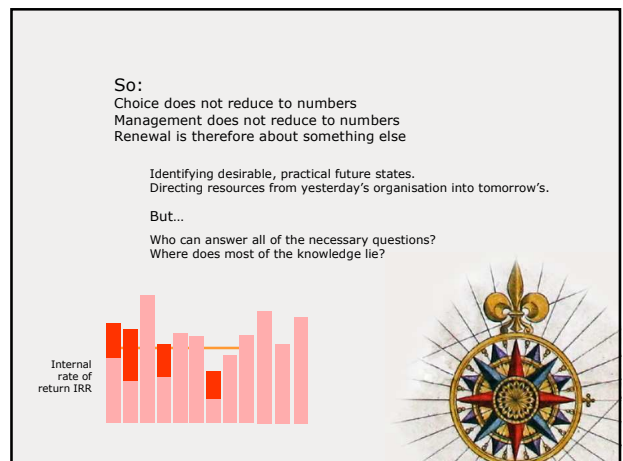
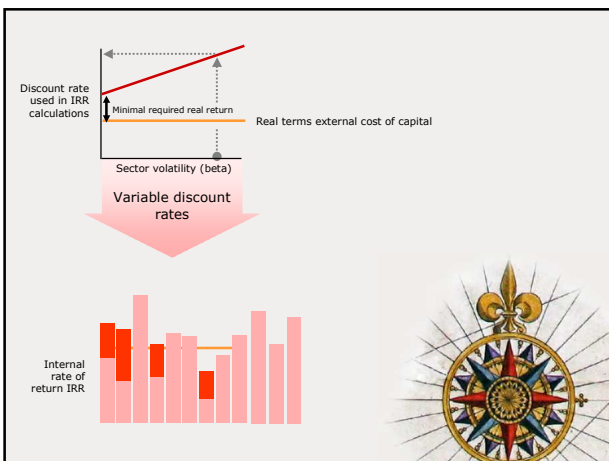
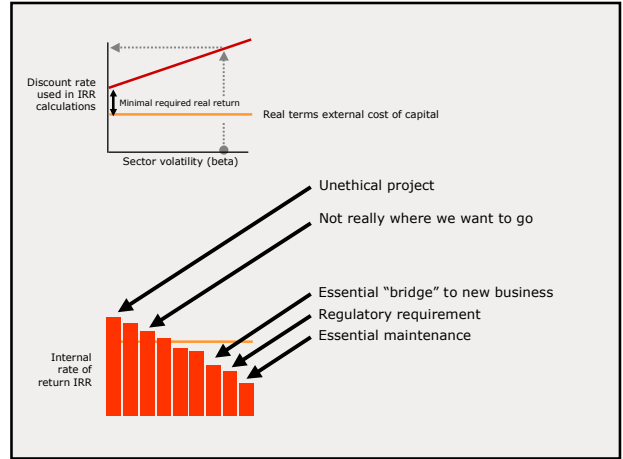
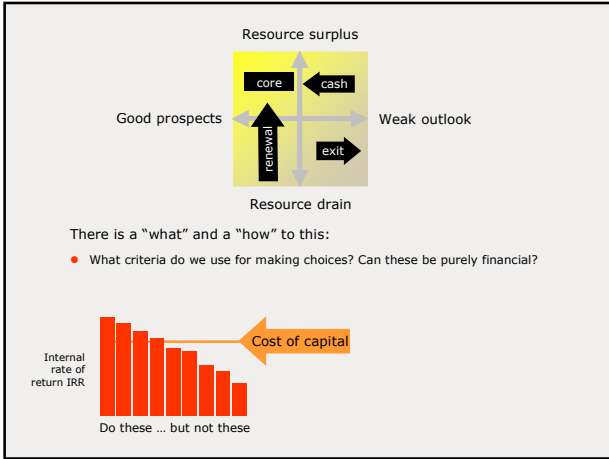
Later, their productivity growth begins to exceed their expansion. They begin to generate surplus resources.

Successful new activities grow, usually absorbing more resources than they generate.



There is a "what" and a "how" to this:

- What criteria do we use for making choices? Can these be purely financial?
Good prospects may not depend on past financial results.
 Businesses with a *weak outlook* may be performing quite well currently.
 New projects often present complex issues that are not based on evidence
- How - by what means - do we go about managing our resource base?



Who can answer all of the necessary questions?
Where does most of the knowledge lie?

Senior staff are often years from their technical training, isolated from market realities and blind to change.

Junior staff are usually ignorant of how the organisation "works". They are often isolated in silos. There are no rewards for having ideas, and nowhere to 'put' them.

Elite engagement, ideas restricted to senior figures

Well-tested clarity about how the business environment "works" ← → Uncertainty about the operating environment and how it is changing

Wide engagement across many disciplines

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Typical management styles

- 1 Robust, rich discussion; spontaneous adaptation to events; enthusiastic, usually a fount of new ideas
- 2 Insightful only through formal analysis. Tends to follow sector fashions. Grand plans that lack tactical knowledge.
- 3 Buffered by events and responsive to the most immediate of these: market pressures, litigation. Often paralysed.
- 4 Characteristic of organisations dominated by one discipline - e.g. engineering - but unable to cope with wider issues.

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Wide engagement across many disciplines

	Collective intelligence	Neuroticism and denial	Appetite for renewal	Spontaneity of ideas
1	✓✓✓✓	✓	✓✓✓✓	✓✓✓
2	✓✓✓	✓✓	✓✓✓	✓
3	✓	✓✓✓	✓	✓
4	✓	✓✓✓✓	✓	✓✓

Here are the three dimensions that McKinsey identified and which we met earlier:

- Clear roles for individuals, teams, processes.
- Compelling insight into the business environment, and responses to it.
- Culture: fostering an environment that encourages openness, trust, challenge.

... which is just fine, as far as it goes. But how do you make this happen?

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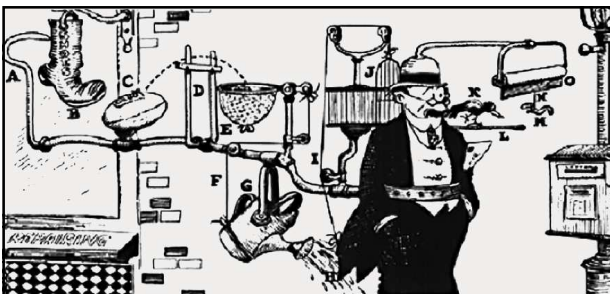
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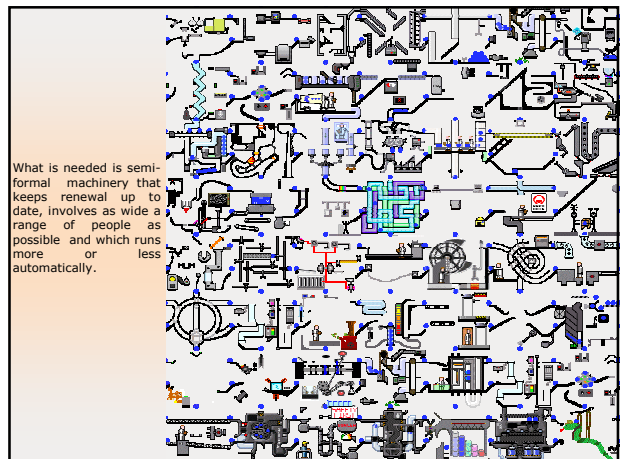
- There have to be routine ways of gaining insight and fusing this into something useful
- People must share in this insight, and be encouraged to make use of it
- Generic "directions" must arise from debate, and be shared widely
- The asset portfolio must undergo routine multidimensional assessment
- There must be machinery to encourage and capture ideas
- Incentives and staff development must underpin all of this

In all, renewal needs its "engines"



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... but what it gets are muddled structures, or no structure at all.



What is needed is semi-formal machinery that keeps renewal up to date, involves as wide a range of people as possible and which runs more or less automatically.

