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Profit From Clarity

A Collection of Articles from TDG Partners

Tim Lewko, Keith Pelkey, Bill Dunn

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PROFIT FROM CLARITY

2015
Strategy

Thinking Dimensions Global brings you...

3 Articles on Strategy, Clarity, and Decision Making

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Results Through Role Clarity

By: Bill Dunn, Partner of TDG

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ALL THE WORLD'S A STAGE AND ALL THE MEN AND WOMEN ARE MERELY PLAYERS, THEY HAVE THEIR EXITS AND ENTRANCES; AND ONE MAN IN HIS TIME PLAYS MANY PARTS…

LONG before William Shakespeare penned these lines in *As You Like It*, people have been concerned about the concept and utility of roles, about who is going to do what - in organizations, project teams, committees, task forces, clubs, families or work group; in order to achieve common goals. In a business context, people can be likened to the actors in a play. Each person occupies a position that is linked or interfaces with other positions in the organization. As in the case of stage actors, business people cannot "act out the play" unless they understand their own role and that of the other people with whom they interact. Well-designed roles, which are understood by all the participants, form the operational bedrock on which effective organizations are built.

Anyone who has ever run a business, organized a project or led a team will know how hard it can be to get all the team members on board to ensure that everyone knows where the enterprise is heading, recognizes their contribution in this effort and agrees on what it will take to succeed. That is what role clarity is all about… a process that specifies the "hard" deliverables required by the organization…as well as the "soft" behaviors of human interactions that assist…or get in the way of…the achievement of the those organizational goals.

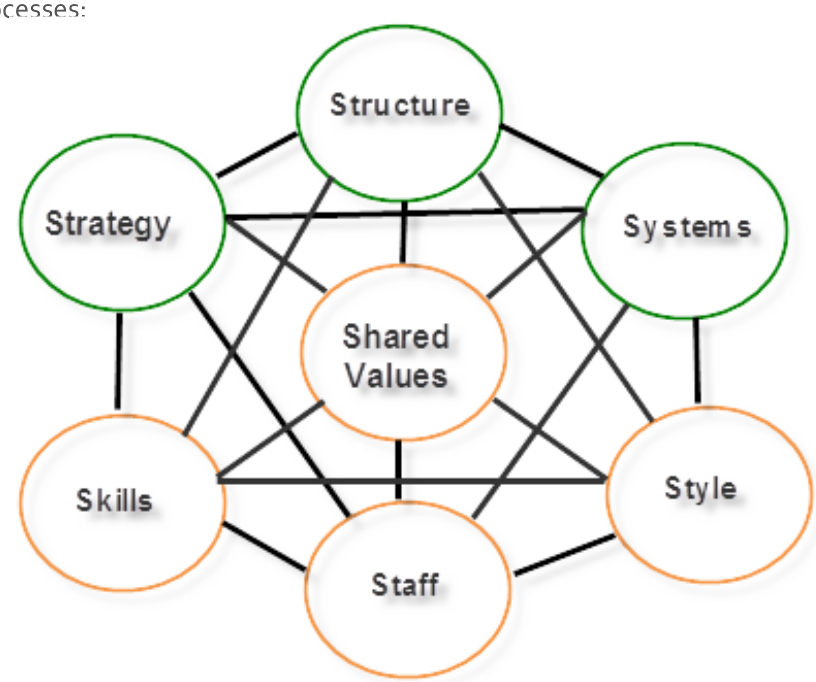
Role Clarity

specifies the "hard" deliverables required by the organization, as well as the "soft" behaviors of human interactions that assist or get in the way of the achievement of organizational goals.

Background: McKinsey's 7S Model

The Role Clarity methodology grew out of the McKinsey's 7S model that was originally developed by senior partner, Bob Waterman, and his associate, Tom Peters. There was growing frustration, especially at the operational level of business, about how to apply these concepts. While intellectually sound, the application of the 7S model most often got stuck in intellectual debates at the board level. In their defense, the 7S model was always intended to be descriptive, not prescriptive. Further research by Peters and Waterman tried to seek a link between the application of the 7S model and the effectiveness of organizations. When their data could not support any significant correlations, they published their antidotal findings in the seminal work, In Search of Excellence (1982).

The 7S model is based on the premise that an organization has seven fundamental processes that bind it together. It is not just strategy, structure and systems as the old "command and control" philosophy had preached. It also includes 4 supporting processes:



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HARD S's

Objective
Measured
Tangible
Deliverables

SOFT S's

Subjective
Perceived
Intangible
Behavior

Peters and Waterman categorized the 7S's into hard S's and soft S's. What distinguishes between a Hard S and a Soft S? The hard processes (green circles) are easier to measure... They can be found in strategic goals, corporate plans, organizational charts and individual objectives.

The four soft S's, however, are more difficult to assess and measure. They are subjective, not objective. They are perceived... "Smelt or felt..." as opposed to precisely measured. They are more difficult to describe since skills, behaviors, and aspects of corporate culture are continuously evolving. They are highly affected by the people at work in the organization...and in some cases, they are the people. Because of this, it is more difficult to manage the characteristics of the soft processes. Although the soft processes are below the organizational surface, they can have a great impact of the hard Structures, Strategies and Systems of the organization.

The Hard S's	
Strategy	Actions a company plans in response to or anticipation of changes in its external environment. **Answers the question: What products/services do we offer to which markets?**
Structure	Basis for specialization and co-ordination influenced primarily by strategy and by organization size and diversity. **Answers: Who reports to whom?**
Systems	Formal and informal procedures that support the strategy and structure. Role Clarity is one of those "systems". **Answers the questions: What is my role in the organization? What are my specific deliverables?**

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The Soft S's	
Style / Culture	The culture of the organization: • Organizational Culture: the dominant values, beliefs and norms, which develop over time and become relatively enduring features of organizational life. • Management Style: more a matter of what managers do than what they say; How do a company's managers spend their time? What are they focusing attention on? Symbolism – the creation and maintenance (or sometimes deconstruction) of meaning is a fundamental responsibility of managers. **Answers the Question: How am I expected to behave in this organization?**
Staff	The people/human resource management – processes used to develop managers, socialization processes, ways of shaping basic values of management cadre, ways of introducing young recruits to the company, ways of helping to manage the careers of employees. **Answers the question: What process do we have for people management?**
Skills	The distinctive competences – what the company does best, ways of expanding or shifting competences **Answers the question: What skills must I have to do this/or the next job?**
Shared Values / **S**uperordinate Goals	Guiding concepts, fundamental ideas around which a business is built – must be simple, usually stated at abstract level, have great meaning inside the organization even though outsiders may not see or understand them. **Answers the question: What are the vision/ values/ mission of the organization?**

Effective organizations, the authors purport, achieve a fit between these seven components...and if one of them changes, then this will alter all the others. In order to affect a successful change process, organizations need to balance their efforts on the hard S's: Strategy, Structure and Systems as well as the soft S's...Skills, Staff, Style and Shared Values. Peters and Waterman captured the attention of business people worldwide by contending that the more successful companies worked harder at the soft S's than less effective organizations. The soft factors were seen to make or break a successful change process, since new structures, strategies and systems are difficult to build upon incongruous cultures and values.

The **7S's model** defines the vital components of organizational strategy, but it does not prescribe ***Roles***.

Role Clarity defines who needs to do what, and how performance should be measured

The 7S model makes interesting reading for students of business literature. It is comprehensive, entertaining and largely anecdotal. It is not, however, prescriptive. It provides no insights into the processes for a manager or leader to implement any of those Hard or Soft S's. That is where Role Clarity starts. It operationalizes the organization's strategy and structure. It prescribes very specifically who is going to do what around here...how performance will be measured as well as how people are expected to behave. Most managers have heard the phase "Structure follows Strategy". Ok...so what follows Structure? Role Clarity is the primary leadership process that needs to be addressed in order to execute one's strategy. In the absence of such a process or tool, many organizations falter in the execution of their well-designed and intentioned strategies.

Role Clarity Process

The process of Role Clarity is implemented in organizations through a series of cascading team workshops. This is usually done as part of the organizational planning cycle following a strategic planning exercise, wherein senior executives review/align/modify the organization's strategy and near term goals. In order to affect those strategies, each team and team leader are given a short set of individual pre-session reading materials and application exercises about Role Clarity. They then meet as a team to apply their learning to their actual roles in the organization.

This is not a training session but an actual "doing" session. It deals with real people, in real positions dealing with real issues. This process is generally but not necessarily facilitated by an outside consultant in the process.

The principles that underpin the Role Clarity process can be conceptually expressed as follows:

$E = f(O,B)$ where E = effectiveness; O=outputs and B=behavior

Deciphered, all this simply states is that effectiveness is determined in the business world by one's ability to deliver the outputs the organization wants…. and here's the kicker…to do that in a manner (behavior/style/tone) that is acceptable to the organization. The factors determining effectiveness are independent variables…being good at one has no causative relationship with the other factor, and vice versa. That's the hard and the soft…the ying and the yang…the measured tangibles and the perceived intangibles. While this formula demonstrates the comprehensive conceptual thinking behind the role clarity process, practitioners of Role Clarity (business people) are far more interested in its application than its intellectual underpinnings.

The Role Clarity process is hammered out at the team sessions and is two pronged: (a) it involves the application of a set of guidelines in determining the outputs, measures and objectives of those tangibles required by the organization - the hard stuff (b): it also includes a section on behavioral expectations required by and from each of the team members - the soft stuff.

This "how to" process facilitates team formation and cohesion while getting agreement on the role of the entire team and its constituent members. It is not unusual to hear remarks at a Role Clarity session such as "So that's what you're supposed to do" said in a light-hearted but enlightening tone. It pins accountability for deliverables to the chest of individuals and their teams. It provides clear, crisp measures for milestone assessments and coaching opportunities as well as performance definitive metrics for project management and goal attainment. It opens up communications and collaboration between team members as behavioral expectations are clarified and agreed upon before they become blockages to individual, team or organizational effectiveness.

CONCLUSION

The Role Clarity process needs to be the first active step in strategy implementation. All too often, following that successful off site meeting, the team returns with great energy only to be overwhelmed by pressing operational issues. Most teams are pretty good at holding that annual offsite to review and update their strategy; fewer teams are really good at executing against it consistently. The Role Clarity needs to be integrated with the strategic planning cycle…so leaders can execute against their well formulated strategies.

To Learn more how your company can improve It's EBITDA through better strategic assumptions – feel free to contact Tim Lewko

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Seize Control of Your Business Performance:

The path to simple process management

By: Keith Pelkey, Partner of TDG

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POV of article: Process improvement projects add value if the application method is simple to apply, contributes to the growth/profitability of key products offered and markets served, and results can be managed and sustained over time.

SAY the phrase "process improvement" and watch the eyes of a CEO roll back in their head. They recoil from conversations about the touted virtues of process improvement methods like Six Sigma, Lean Manufacturing or Business Process Re-engineering as they are inclined, and rightfully so, to talk about the results they want, not the methods to achieve them. In this POV executive summary, Thinking Dimensions (TD) examines the "CEO's perspective" of process improvement, namely – processes that are effectively designed, flawlessly executed, and controlled to deliver sustained results.

Structuring Improvement Projects

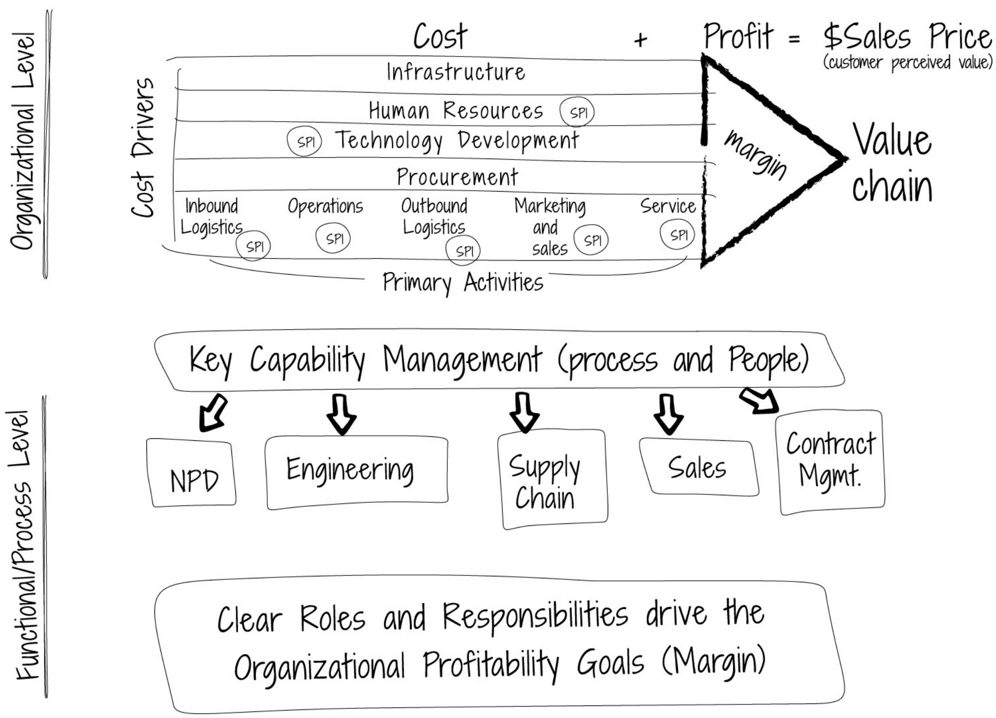
CEOs understand that improving processes advance business goals, but they struggle with which key processes to fix, what systematic improvement methodology to apply, and what is the right mix of internal and consulting resources to form the team that will deliver the results. But the first step is the CEO and the executive team having a common understanding and agreement of the company strategy and cost drivers impeding performance. This will focus the executives on the correct process improvement projects to drive competitive advantage and value.

Companies usually have the internal resources (people) to form the cross-functional team of key stakeholders who have a direct, or significant indirect influence, of the area to improve. Leaders must select an improvement

Solution Step 1: Determine which processes drive competitive value to warrant an improvement investment.

Move beyond just fixing processes to managing performance and attain the return-on-investment (ROI) of process improvement projects.

Process concerns usually start with growth and profitability discussions. This translates to – What are the cost drivers negatively impacting our performance? Or, what opportunities exist to improve performance value and gain a competitive advantage? In either case, answers reside within the cost/performance elements of the supply chain (value chain).



Note: supply chains should promote the strategic profile of the organization relative to the products offered and markets served. Without a clear business strategy, there is a risk that process improvements projects will not benefit the critical products and markets that drive business growth and profitability.

Use your existing supply chain data to assess your costs and competitiveness. Once cost drivers are determined, ask:

- What processes supporting key supply chain elements, if improved, will benefit performance, competitive advantage, and strategy growth/profitability goals?
- What aspects of the process are to be improved – Quality, Efficiency (cost), Schedule?

Start all process improvement projects by knowing:

The strategic value to be attained

The fit they have to your supply chain

Advantages customers receive from working with Thinking Dimensions relative to process improvement: Through our Strategy Implementation approach we ensure process improvements align to the strategic interests that drive competitive advantage.

Solution Step 2: DESIGN processes to create value and improve costs by eliminating inefficiencies

All business value is created within the framework of a process. Regardless of the improvement methodologies to be applied (Six Sigma, Lean, and Business Process Re-engineering); they all strive to design visible, optimal, valued performance. Complex methodologies are simply not necessary 90% of the time. Applying a question-based approach along with pertinent data and the appropriate internal design team is sufficient, less costly and faster to accomplish.

Process value is derived from the "cost, quality, and delivery" outputs as perceived by customers. Customers want a quality product on time. Businesses want to provide the product at the least cost. When these elements are effectively in place, relative to the company's strategic products offered and markets being served, then growth and profitability can be maximized and competitive advantage attained.

Therefore, the process improvement methodology being applied must ensure all designed process activities are:

1) Value-Added (necessary action)
2) Redundancy Free (unnecessary tasks)
3) Continuously Flowing (smooth hand offs, no bottlenecks)
4) Performed in Parallel (where possible to reduce cost, cycle-time)

The assembled cross-functional stakeholder (team) – supplier, performer, or customer – knows the strengths and weaknesses of the value created (or not created) in a process. They have a vested interest and knowledge in improving process results/outputs.

Solution Step 3: EXECUTE the newly designed process so people performance is linked to the desired results

People create value through the process activities they perform.
Many process improvement methodologies/projects neglect to change the behaviour of those performing the work in relation to the new workflow. People are creatures of habit, and change is not necessarily accepted. If performers do not adhere to the new process activities as designed, the desired results are not attained and management correctly perceives the improvement investment as a waste. Aligning people/process performance is essential, but not always done.

Three factors will ensure people adhere to the new process activities:

1) Clarify the Roles and Responsibilities of all performers
2) Link people's performance reviews to results of the process
3) Dedicate management focus to the implementation

Thinking Dimensions takes a unique position in the industry to bring visibility and focus on the people and process link. Through our proprietary products to design and implement process improvement projects, we deliver the results CEOs expect from process capability investments – growth and profitability.

Solution Step 4: Manage and sustain results through data

What would tell you that the process improvement investment delivered the desired results?
Feedback from your Supply Chain (value chain) KPIs relative to cost, quality or schedule performance. Remember, process improvements should be applied to those key process areas that are linked to your critical products and markets. Ensure a direct linkage from your KPIs down to the process metrics that contribute to that KPI calculation.

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What would tell you if the results are being sustained?
Consistent data trends overtime. Company data is often poorly organized to intuitively and quickly assess performance over time and/or there is data overload that is confusing. Data displayed in complicated matrixes or tables is hard for management to assess. Data should be displayed in "trends over time" so the decision maker can see results and initiate the appropriate inquiry.

How do you manage future performance results?
Use the trend data linked from Supply Chain KPIs down to the process metric data to manage business processes. For example, if you noticed a negative trend in your Technology Development KPI you can determine what processes are providing the upward linkage that calculates this KPI's performance. Then assess the appropriate process metrics to see which one(s) are trending negatively.

Now you know what specific process or processes are contributing to the negative performance and where to start your corrective action.

Data linked to the processes creating value expedites the targeted resolution. By using data, you are managing process performance and sustaining results.

The key process metrics linked to Supply Chain KPIs include:

Quality
Efficiency (cost)

Timeliness (schedule & delivery)

Cycle Time (cost)

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Poor Decisions Destroy A Company's Ability to Drive Performance:

Five Steps to Ensure your Organization Improves its Decision Making

By: Tim Lewko, Managing Partner of the Global Strategy Practice and CEO of Thinking Dimensions Global.

Barriers to Effective Decision Making

1. Data quality
2. No common process
3. No visibility
4. Inability to sort relevant from irrelevant data
5. Bias

POV of article: CEO's and Senior Leadership must remove the barriers that lead to poor decisions and invest in decision making as a fundamental management competency that drives strategic value and sustainability.

Every day, in every country, in every company, people go to work to do their part in the procurement of goods and services for customers. The common activity that fuels business progress and each of these people's performance is decision making. Decisions exist in all shapes and sizes - strategic, operational, customer-related, deadline driven, IT based, globally complex, financially large or small. Whatever the circumstance, they all share the same starting point – a choice needs to be made because something has changed or needs to change. Whether employees are aware of their decision making process or are not conscious of the thinking patterns they use will always be up for discussion – however, what isn't debatable is that higher quality decisions drive better performance in organizations.

I. Barriers that Lead to Inferior Decision Making

The basic thinking pattern of decision-making spawns four variations that allow managers to more effectively resolve issues.

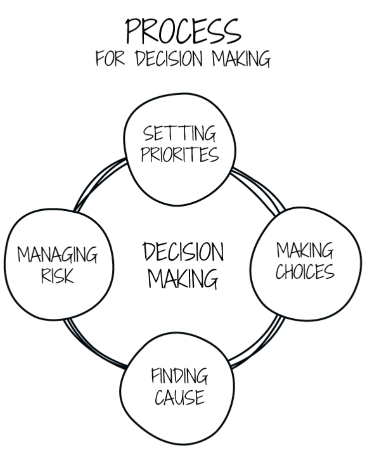
Experience has shown there are 5 main causes of inferior decision making:

1. **Poor quality data** or waiting for the perfect data to exist
2. **No common decision making process** or set of steps
3. Not making the thinking behind decisions **visible to the people involved**
4. Inability to sort **relevant from irrelevant** data
5. Explicit or implicit **bias** to the data itself or process being used also includes 4 supporting processes:

II. Decision Making Defined and Four Variations Described

Thinking Dimensions defines decision making as a series actions implemented over time that best satisfy the issue to be resolved. The four steps that every decision maker works through – in a rational, intuitive or creative fashion (mostly some combination)– are the same.

- Identify and State the Issue to be Decided
- Outline Criteria that a Solution can be Evaluated Against
- Generate and Test Solutions
- Select the Solution and Implement Actions.



If we are looking backward in time (PAST) – many call it Root Cause Analysis, if we are in the PRESENT we can call it Decision Analysis or Situation Analysis and if we look into the FUTURE its is often referred to as Risk Analysis. In many causes – the deviation spawns a combination of PAST, PRESENT and FUTURE patterns of thinking to resolve it. *(See illustration below)*

5 Steps to Improve Decision Making

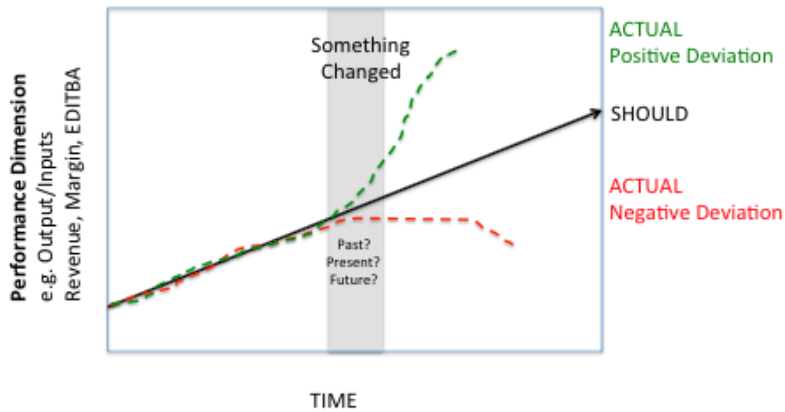
1. Emphasize Decision Making is Foundational to performance

2. Select a common process

3. The Process Must be Question Driven

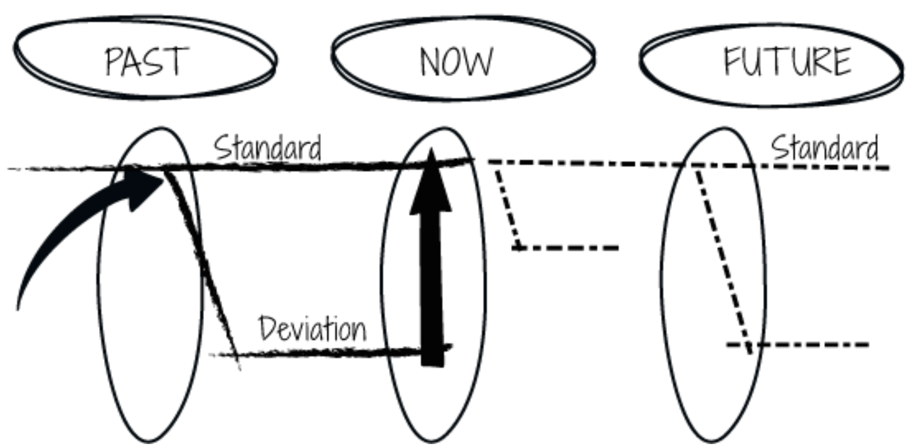
4. Make it Visible

5. Involve the right people



There is great organizational benefit in immediately understanding the situation and the corresponding questions to ask. Asking the right questions first before taking ill-minded action – saves time, money and energy.

Power lies with executives who recognize this truism and can engage and align their organization with better decision-making practices. Building best decision making expectations is simple, effective and smartly leverages the basic reason why people are hired in the first place – to drive performance and contribute with the skill sets, experience and judgment for whichever level they work at.



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III. Five Step to Improve Decision Making in Your Organization

The solutions to resolve the barriers to effective decision-making are straightforward but require consistency in expectations and effort set by senior leaders.

1. Acknowledge that Decision Making is the foundation of performance – and its something to invest in.
2. Select a common process for your organization, region, department or whatever area you have control over.
3. Employ a common decision making process that is question- driven as it will sort relevant from irrelevant data faster.
4. Make people make the process visible – on a whiteboard, napkin, flipchart or piece of paper – it expose biases and data gaps and force you to examine the real intent of the issue.
5. Instill that engaging the right people, with the right data will solve the issue every time and the benefits of speed, quality, collaboration and performance will be the result as people are aligned to the same process.

The ultimate performance is sustainability in profitable growth at a rate that allows an organization to invest back into the business. If company's revenues are stuck, EBITDA has flat-lined or declining, something needs to change. The most fundamental and practical place is with the quality of decision making. Despite global competition, challenging economic considerations and 24/7 work cycles – the one thing that can be controlled or improved is the fundamentals of decision making.

As organization's compete in a global arena, where speed, flexibility and relentless business pressures exist – the most effective organizations excel at decision making and those who are under performing must be reminded of the basics – a return to building and developing decision making as a competency in their organization.

Decision-making is the foundation of performance and will continue to be the differentiator in top performing organizations.

To Learn more how your company can improve It's EBITDA through better strategic assumptions – feel free to contact Tim Lewko

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This article was authored by Tim Lewko, Managing Partner of the Global Strategy Practice and CEO of Thinking Dimensions Global.

Thinking Dimensions is a global consultancy that assists clients in resolving strategic and operational issues.

We bring proven decision making methodologies to assist clients battling growth, cost, and security challenges. Our process- driven **KEPNERandFOURIE**™ thinking technologies guide the development of effective corporate strategies, operational improvements, and Information Technology Root Cause Analysis (ITRCA) solutions. All of our client solutions recognize decision-making is the foundation of performance.

Thinking Dimensions was founded by Drs. Charles Kepner and Mat-thys Fourie who have over 60 years of combined thought leadership in decision making and process consulting. Today, Thinking Dimensions Partners and Associates in over 20 countries throughout the ASIA-PACIFIC, EMEA and AMERICAS regions deliver expedited results on pressing business issues.