

STRATEGY NEWS

Summer 2005

Be relevant or perish - *How to develop and implement radical strategies* Shape up before you are shaped

The uplift in our economy has brought with it an increase in business and consumer confidence. Consequently, it is now time for Irish organisations to take stock of their business and begin to consider where they take their organisation in the future.

This article provides guidance on:

- Identifying what type of organisation you are
- Developing radical strategy
- Implementing radical strategy

“ You cannot discover new oceans unless you have the courage to loose sight of the shore.”

WHAT TYPE OF ORGANISATION ARE WE?

1. THE RULE MAKERS

The rule makers are the industry, often the incumbents, who have dominant market share. They generally assume the role of establishing the status quo.

2. THE RULE TAKERS

The rule takers are the companies that pay homage to the industrial 'lords'. They work tirelessly to follow the rules, whilst all the time someone else is rewriting them.

3. THE RULE BREAKERS

The rule breakers set out to redefine the industry, to invent the new by challenging the old. They are shackled neither by convention nor by respect for precedent. These rule breaker organisations are intent on overturning and reinventing the industry. They are the radicals – the industry revolutionaries.

If your organisation is more of a rule taker than a rule maker or a rule breaker, you can either surrender to revolutionary challenges or revolutionise the way your organisation creates strategy through a more radical approach. Being in the middle is not a sustainable option.

DEVELOPING RADICAL STRATEGY

There are four types of radical strategies described below:

1. Reorientation

Reorientation is required when an organisation, although well adjusted to its present environment and turns in strong, respectable performances, its management foresees a future environment that is quite different from the current one. Of the four radical strategies reorientation is the easiest to implement.

2. Turnaround

Turnaround is required when an organisation's strategy is misaligned with the environment, and its performance may

range from mediocre to dismal.

Furthermore, the organisation is ill equipped to meet future market demands. This is a radical strategy which will require leaders to carryout emergency actions to ensure corporate survival.

3. Revitalisation

Revitalisation may be required when there is no immediate threat to the organisations survival, but performance is mediocre. Revitalisation will require leaders to develop a greater sense of control and responsibility for the organisation's performance.

4. Transformation

Transformation may be required even if the organisation is well adjusted to its present environment and turns in strong, respectable performances. However, its leadership may foresee a future environment that is quite different. In order for the organisation to thrive in these future circumstances it must undergo a fundamental change. Transformation requires the most demanding and skilful leadership of all of the radical strategies.

IMPLEMENTING RADICAL STRATEGY

Developing a radical strategic plan is only "half the battle." Implementing a radical strategic plan is the other half. There are 8 key steps in moving forward:

STEP 1: The first thing you need to do is ask yourself are you capable of driving the implementation of the plan.

Can you remain on task and stay focused on implementing what has been defined? Are you able to hold people accountable for results? Are you able to deal with conflict and change? Can you pay close attention to detail? Are you methodical in your approach to getting things done? Can you assemble productive teams? If you are lacking in these areas, the chances of a successful implementation are reduced dramatically.

STEP 2: Explain each initiative in your strategic plan by stating five crucial points: who, what, why, when, and resources needed.

This detailed or annotated version is now your implementation plan. Creating it will force you to assign tasks to specific areas within your organisation. It will allow and help you to develop a good rationale for each initiative, to set deadlines, etc.

STEP 3: For implementation to be successful, middle management must be involved.

For implementation to be successful middle management need to be involved in fleshing out the detail of the strategy and working on the detail of the implementation plan. This should be an iterative process which should make the strategy more robust and the implementation plan more realistic.

STEP 4: Prioritise the objectives of your strategic plan and set a realistic timetable. Strategic plans are normally written to cover a period of three, four, or five years. If yours is such a multi-year plan, don't try to tackle everything in the first year. Plan to address some of your plan's initiatives in each of the years. Being too ambitious about what you can accomplish right away may cause burnout and frustration.

STEP 5: Communicate and motivate - keep your strategic plan on everyone's radar screen.

Brand it, reprint it in your newsletter, post it on your website, and refer to it as often as possible in various ways. This will help you build and maintain momentum.

STEP 6: Have alternatives if some initiatives don't work out as you had hoped. You may have to try another approach to accomplish what is needed. Often

initiatives won't work out exactly as you had hoped. Stay focused on your destination but be flexible about the path you take to get there.

STEP 7: Monitor progress and set milestones.

Establish a system of accountability or a mechanism to measure progress. A milestone plan can be very useful to keep track of ongoing and completed activities that are part of the "Master/Strategic Plan".

STEP 8: Evaluate and acknowledge results.

If all has gone well, the results will match or come close to the original expectations expressed in your plan. In certain instances, a goal that hasn't been accomplished quite as intended may still bring some unexpected benefits.

A strategic plan is essential to the success of any business. But how it gets implemented will determine how successful the business becomes.

CONCLUSION

The concepts and guidelines offered above should provide a framework for organisations to think about and devise radical strategies, but should do so without replacing a leaders intuition, his or her experience and natural skills.

If the investment of time and effort needed to develop a strategic plan is worth engaging in, then it is worth supervising and insuring successful achievement of goals.

This article is adapted from the Harvard Business Review article "Strategy as Revolution" by Gary Hamel, July-August 1996 and blended with our own experience of "putting strategy to work".

PROSPECTUS NEWS

RECENT/CURRENT WORK INCLUDES:

HEALTHCARE

Department of Health & Children

We have recently advised the Department of Health & Children on the criteria to be applied regarding the development of private facilities on the sites of public hospitals

Mental Health Commission

The Mental health Commission engaged Prospectus to design and manage a consultation process aimed at gathering the views and perspectives of all stakeholders as to what constitutes quality in mental health services.

Beaumont Private Hospital Phase 1

Prospectus reviewed a proposal developed by a Consultant Grouping to develop a Private Hospital on the grounds of Beaumont Hospital. We developed a framework for assessing the proposal using appropriate criteria to arrive at our conclusions.

The Adelaide and Meath Hospital, Dublin incorporating the National Children's Hospital (AMNCH)

Prospectus has recently completed a high level strategic review of their services. We worked closely with a Steering Committee, made up of clinicians and management, to carry out the review and in drafting the final strategic review document.

Sectoral Strategy

Northern Ireland Minister for the Economy & Agriculture
Prospectus provided expert support to the Food Strategy Group established by Ian Pearson MP, Northern Ireland Minister for the Economy and Agriculture.

GOVERNANCE/HEALTHCARE

Our Lady's Hospice Ltd

Prospectus reviewed the management structures and corporate governance arrangements of Our Lady's Hospice Ltd.

Feasibility Study

Food Technology Park - Enterprise Ireland
Prospectus have recently completed a feasibility study for the establishment of a Food Technology Park in Ireland

FINANCIAL SERVICES

Business Efficiency Programme (BEP) - Life Assurance Company

Prospectus developed a business efficiency programme (BEP) and supported its implementation over a 4 month timeframe.

PHILANTHROPIC AND NOT FOR PROFIT ORGANISATIONS

Philanthropic Organisation

Prospectus conducted a market overview of the full range of services (public and private) available to older people with a view to identifying gaps or areas of opportunity which should be explored, and potentially funded, by the philanthropic organisation. Subsequently, conducted an international review of best practice in relation to projects enabling older people to stay at home or in their own community.

Education - Medical School

Development of a strategic plan for the Medical School. This involved facilitating structured workshops with academics and clinicians working with the School, interviews with external funders, policy makers and Deans of other Medical Schools, and working closely with the Head of the Medical School to develop the strategic plan.

EUROGROUP CONSULTING ALLIANCE ACTIVITIES

Programme Management

Prospectus and Eurogroup have completed working for a multinational food company in programme managing the transfer of some finance activities to Dublin and establishing a fully functional legal and operational entity. The project represents another successful collaboration between Prospectus and our partners in The Eurogroup Consulting Alliance.

PROMOTION

Deirdre O'Mara has been promoted to the position of Director of Consulting. Deirdre has been with Prospectus for over 8 years and has considerable experience in financial service. Her specific area of expertise is in management and organisation change, helping rapidly expanding organisations plan for change, managing the transition associated with this activity and developing and mobilising value.

RECENT EVENTS

Institute of Management Consultants (January 2005)

David W Duffy, Managing Director of Prospectus, was recently appointed the Vice President of the IMCI. The IMCI is the Recognised Professional Institute for Management Consultants in the Republic of Ireland. David has responsibility for Accredited Practices & Relations with Government. He also held the position of President in 1992.

Casemix Education Day – Rotunda Hospital (January 2005)

Vincent Barton, Director of Healthcare Prospectus, addressed the Rotunda Hospital Education Day on the national Casemix Programme. Vincent spoke on the question "What is Casemix?".

Eurogroup News – Sixth Bank University, Paris, France (June 2005)

The Eurogroup Alliance hosted the Sixth Bank University in Paris on June 2nd-3rd 2005. The topic for this year's Bank University is Convergence and Consolidation in European Banking (covering mergers & acquisitions).

Eurogroup Bank University is a meeting of senior management from European financial institutions - operating in retail banking, business banking, corporate and investment banking, asset management, and finance and leasing – and consultants from the Eurogroup Consulting Alliance (including Prospectus) who specialise in banking and finance.

PROSPECTUS

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EUROGROUP CONSULTING ALLIANCE

RECRUITING

As a result of the general economic upturn in the Irish market we welcome to Prospectus one Senior Consultant and three new consultants.

John Crimmins

John Crimmins was recruited as a Senior Consultant. John holds a Law degree from Birkbeck College, University of London and a Masters in Business Studies (eCommerce) from the Michael Smurfit Graduate School of Business.

Aoife Carty

Aoife Carty was recruited as a Consultant. She graduated from the American College Dublin with an Honours degree in International Business Management with French in 2001, she subsequently completed a Masters of Business Studies in Management Consultancy (Honours) from the Michael Smurfit Graduate School of Business in 2002.

Andrew Lynch

Andrew Lynch was recruited as a Consultant. Having graduated from Griffith College Dublin with an Honours degree in Business Studies in 2000, he subsequently completed a Masters in Electronic Business (Honours) from the Michael Smurfit Graduate School of Business in 2003.

Cheryl Woods

Cheryl Woods joined Prospectus as a consultant. She completed her Bachelor of Science Degree in Management at Queens University, Belfast, in 2003. In 2004 Cheryl completed her Masters of Business Studies (1st Class Honours), specialising in Management Consultancy at the Michael Smurfit Graduate School of Business.