



DIRECTOR'S EXCELLENCE ACCELERATOR PROGRAMME

Day Two

**More on risk
Strategy**

Andrew Archer



Carryover session

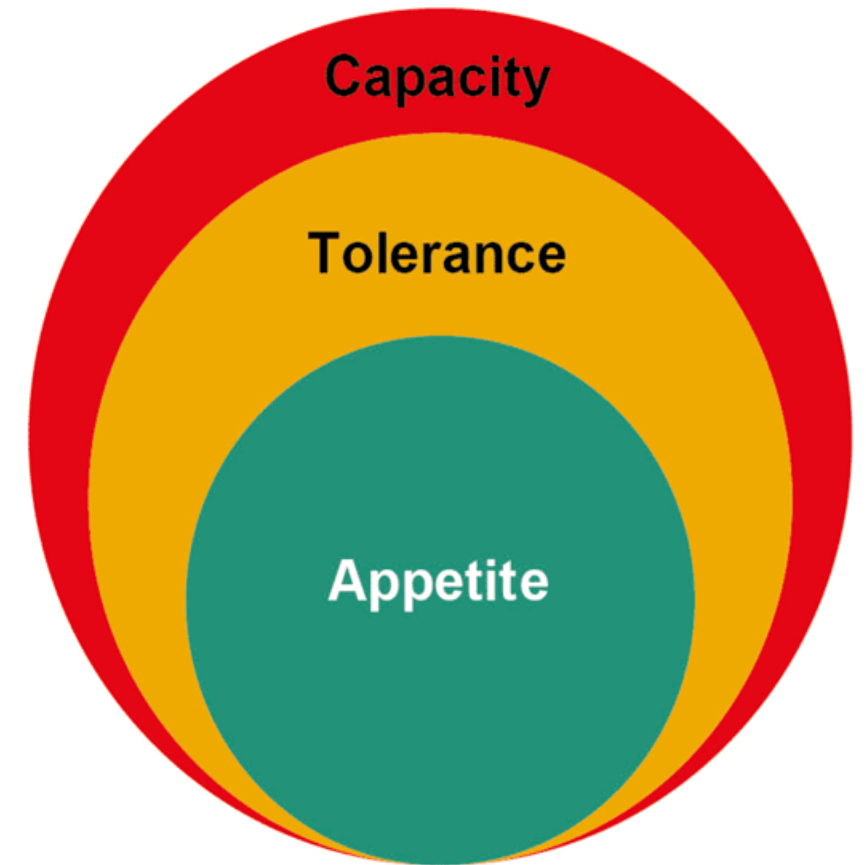
- Risk

Exercise



- Prioritise the risks you identified yesterday.

Risk appetite	The amount and type of risk that an organisation is willing to pursue or retain.
Risk tolerance	The acceptable degree of variability, or deviation from the expected level of risk that an organisation is prepared to withstand , in order to achieve its objectives.
Risk capacity	The maximum level of risk to which the organisation should/can be exposed.



Risk Appetite

- The amount and type of risk that an organisation is willing to take in order to meet their strategic objectives
 - Organisations will have different risk appetites depending on their sector, culture and objectives
 - Risk appetite and tolerance need to be high on any board's agenda and is a core consideration of an enterprise risk management approach
- Institute of Risk Management

How would you describe the appetite for risk in your organisation?

Risk Appetite Scale

Rating	OPEN	FLEXIBLE	CAUTIOUS	MINIMALIST	AVERSE
Philosophy	Will take justified risks	Will take strongly justified risks	Preference for safe delivery	Extremely conservative	"Sacred" Avoidance of risk is a core objective
Tolerance for uncertainty	Fully anticipated	Expect some	Limited	Low	Extremely low
Choice when faced with multiple options	Will choose option with highest return; accept possibility of failure	Will choose to put at risk, but will manage impact	Will accept if limited, and heavily out-weighted by benefits	Will accept only if essential, and limited possiblitiy/extent of failure	Will select the lowest risk option, always
Trade-off against achievement of other objectives	Willing	Willing under the right conditions	Prefer to avoid	With extreme reluctance	Never

Adapted from Rob Quail’s article *Defining Your Taste for Risk* in Corporate Risk Canada (Spring 2012)

High Resilient Organisations

- Resilient organisations are prepared for adversity
- Also proactive and flexible when it occurs
- HROs are considered best practise examples.

- Nuclear facilities
- Oil and gas companies
- Commercial airlines
- Complex and potentially dangerous environments
- Many opportunities for failure
- However, HROs rarely experience operating failures.

HROs ... how do they do it...?

- Preoccupation with failure:
 - HROs prioritise reliability and are said to have **“healthy uneasiness”** about what might go wrong, which enables them to remain sensitive to all possible threats
- Reluctance to simplify interpretations:
 - HROs make deliberate attempts to create a very complete picture of the work and the work environment, as well as encouraging **diversity of opinion**, so that teams can express different ideas
 - **Alternative voices and perspectives are encouraged**; they search for disconfirming evidence and challenge the assumptions people are making
- Sensitivity to operations:
 - Leaders and staff in HROs are constantly **aware of how their decisions and actions affect the organisation ...**

HROs

- Commitment to resilience:
 - There is a recognition that **things will go wrong that can't be predicted**, but they can be identified and responded to quickly to minimise harm
- Deference to expertise:
 - HROs exhibit an adaptive, flexible or 'organic' nature, which enables them to be hierarchical and rule-based during normal operations but decentralised and responsive in crises recognising that those closest to the frontline are the experts and **empowering** them to make **decisions** when a critical issue arises, resulting in quicker mitigation of harm.
 - HROs have daily operational briefs where they **look back to learn** from problems and look forward to predict and lessen risk or harm, maximising learning from incidents and near misses.

DAY TWO

Strategy: Direction and Results

- Overview – What Being Strategic means in Practice
- Getting the Design and Implementation of Strategy Right
- Monitoring, Evaluating and Re-thinking Strategy
- Workshop: Being Strategic in Your Organisational Context
- Leading Strategic Change.

Session 1

- Overview – What Being Strategic means in Practice

A conceptual image featuring a compass rose in the lower-left corner. A green arrow, which is part of the compass needle, points towards the word 'STRATEGY' written in large, bold, green capital letters across the upper right. The background is a light beige surface with faint, concentric circular lines and tick marks, suggesting a map or a strategic plan. Two semi-transparent grey boxes with white text are overlaid on the image.

The big
question is ...

... are you really
doing strategy?

The essence of strategy

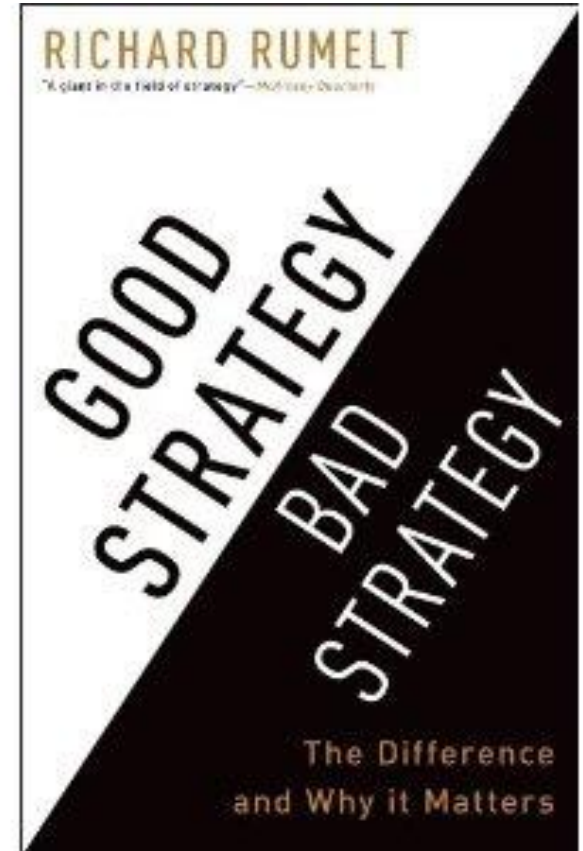
- The three pieces of the puzzle are:
- **Where are we now?**
- **Where are we going?**
- **How will we get there?**



Erica Olsen, Founder of “ONStrategy- how to write a strategic plan”

The essence of a strategy

- “The kernel of a strategy contains three elements:
 - a diagnosis
 - a guiding-policy and
 - a coherent action”.



Strategy

- *“In strategy it is important to see distant things as if they were close and to take a distanced view of close things” - Miyamoto Musashi*

6 Habits of True Strategic Thinkers

1. **Anticipate** – using peripheral vision, not just looking straight ahead
2. **Think critically** – reframe problems, challenge current mindsets and biases, question unquestioned assumptions
3. **Interpret** – synthesise information from diverse sources and question prevailing assumptions
4. **Be decisive** – don't get bogged down in too much analysis
5. **Align** – people, stakeholders and understand their agendas
6. **Learn** – from successes and failures and be willing to change tack

Paul Shomaker, Senior Fellow Inc and former Research Director, Mack Institute for Innovation Management

The Strategic Thinker ...

- is **curious** and interested in what is going on in own organisation and the wider environment the organisation operates in
- is **future focused**, thinks ahead and anticipates change
- has a **long-term focus** and looks for long term success
- is nimble and **creative, able to adjust approach** and open to new approaches
- is **willing to take risks** and try new ideas and approaches
- **builds and engages with a wide network**
- **prioritises** and focuses on what is going to have the most impact
- is **committed to learning and improving.**

The 'Eisenhower Priority Grid'

Finding the time to think strategically is often about finding the mental space needed.

In a busy environment, it is all too often about keeping things simple and focusing on the right things

	URGENT	NOT URGENT
IMPORTANT	Quadrant I: Urgent & Important	Quadrant II: Not Urgent & Important
NOT IMPORTANT	Quadrant III: Urgent & Not Important	Quadrant IV: Not Urgent & Not Important

Source: Stephen Covey, *The Seven Habits of Highly Effective People*

What needs to be in a strategy?

What is our organisation for? What are we all about?

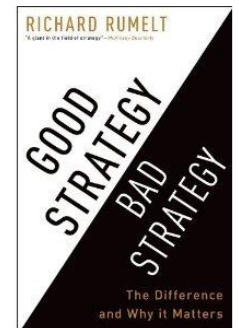
Where are we now?

Where are we trying to get to?

What are the key 'Strategic Directions' we need to move in to get there?

What are the key outcomes we need to achieve?

What is the - outline - plan for achieving this?



UK 2025 Priorities

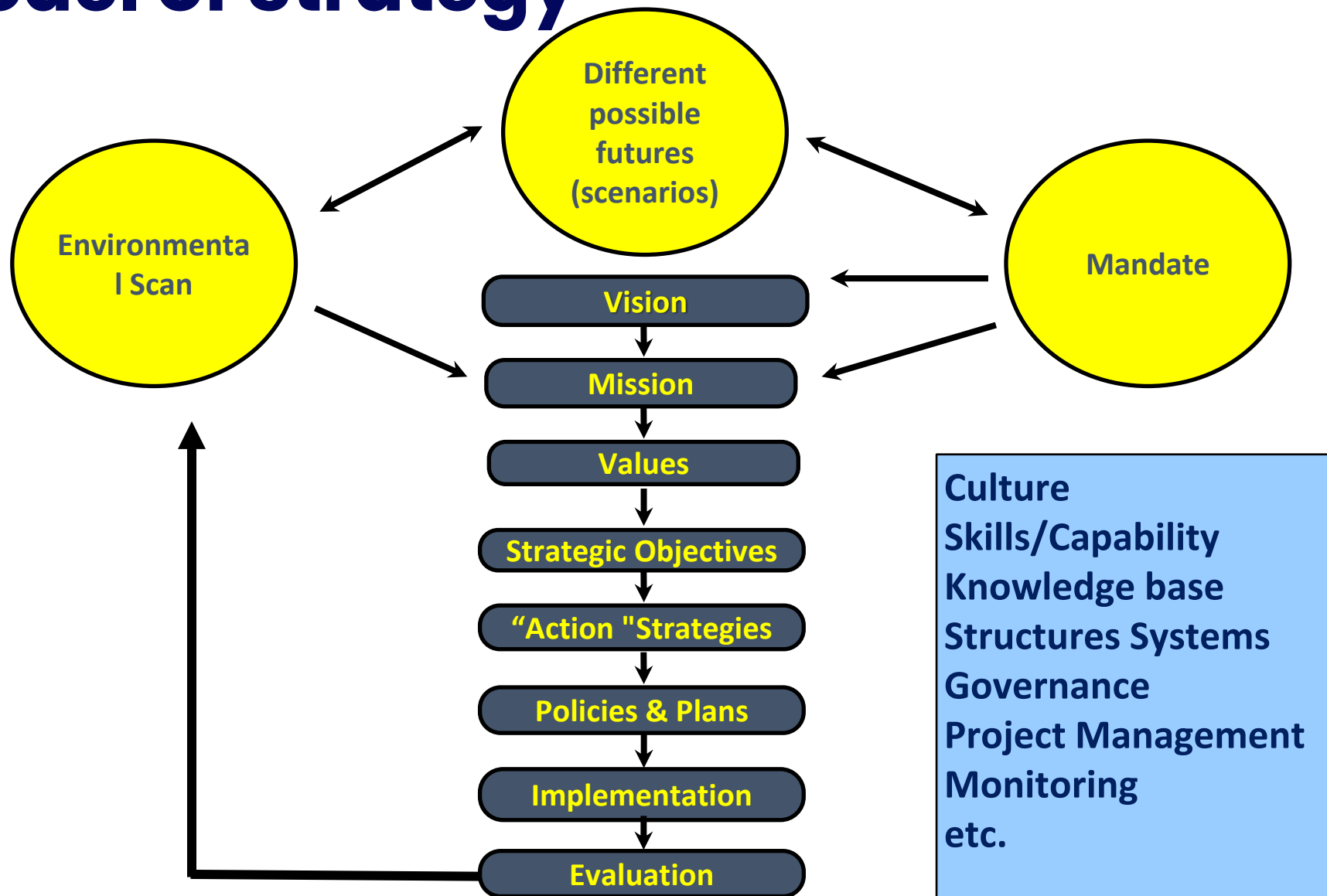
'Time to Shine'



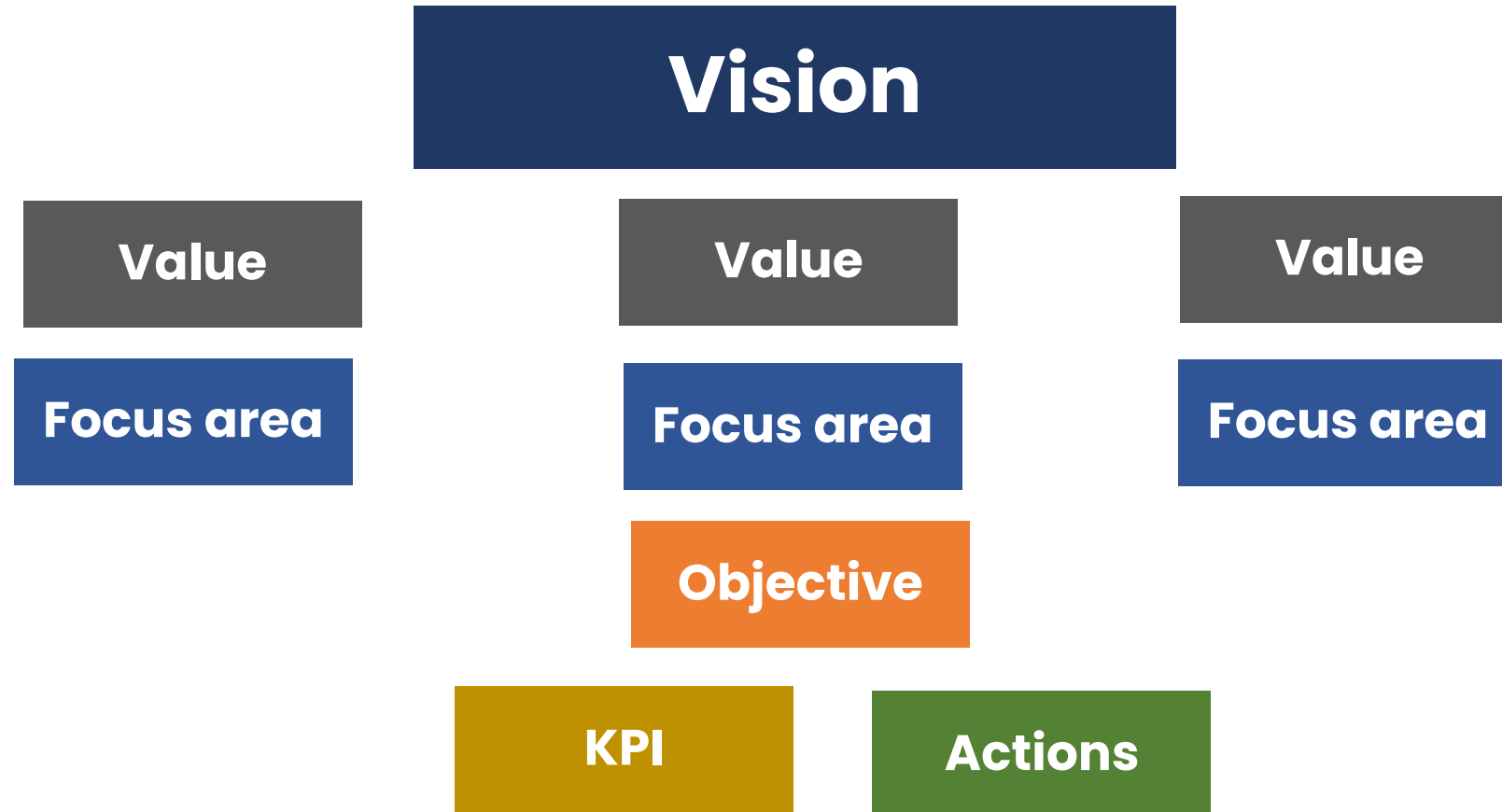
underpinned
by our

HEART 
principles

One Model of Strategy



Cascade's Strategy Model



UK 2025 Priorities

'Time to Shine'



underpinned
by our

HEART 
principles

Session 2

- Getting the Design and Implementation of Strategy Right

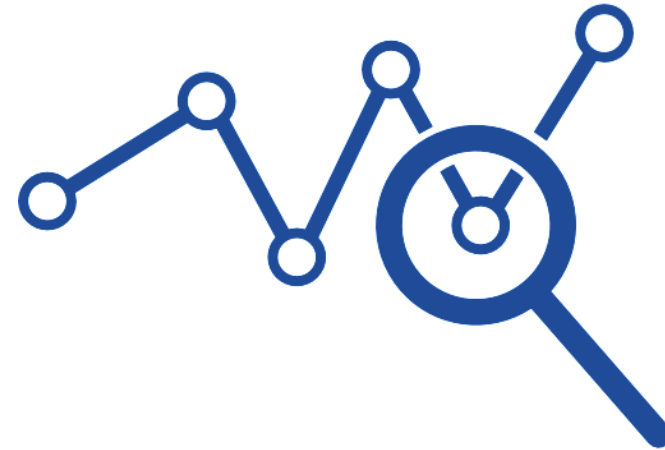
Before you start

- Muddled thinking delivers muddled strategy.



Situational analysis

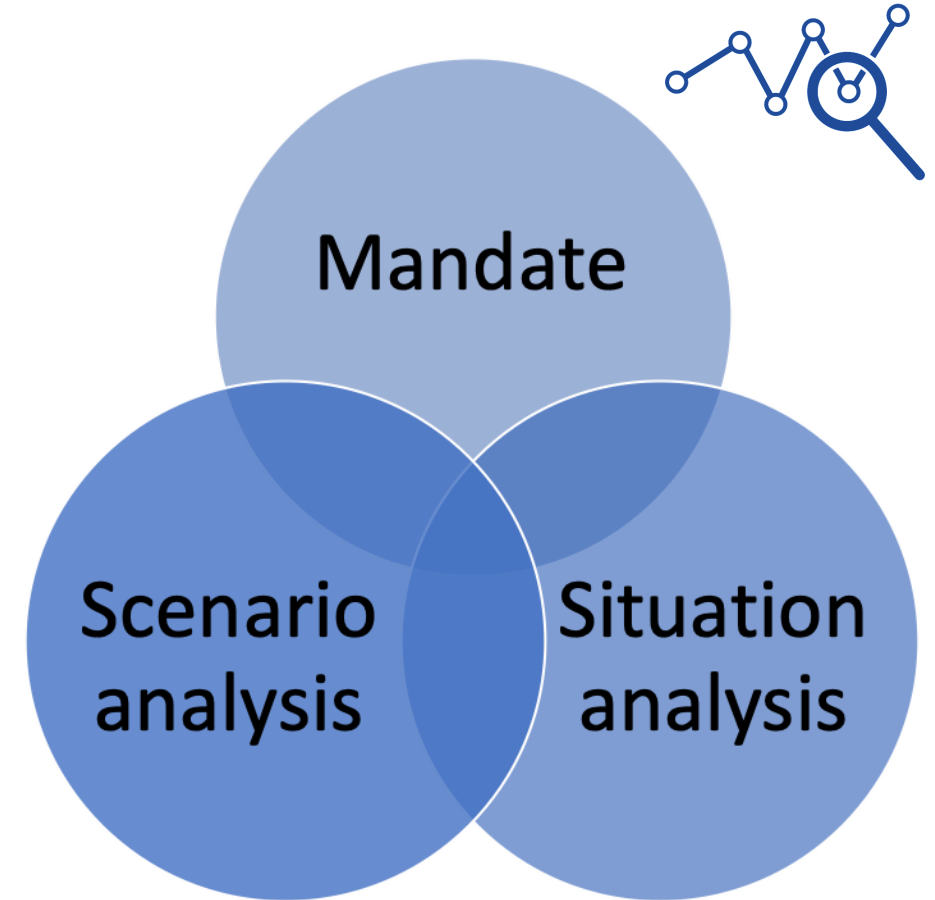
- Credible analysis sets the context for the strategy.



Situational analysis – external factors or drivers

Strategic thought needs to reflect:

- The mandate the organisation has been given to do what it does
- What is happening/is starting to happen in the external environment (Drivers for Change)?
- Possible futures (how viable will strategy be in the longer term or do possible futures call for a new strategy)?





STEEP

- Social
- Technological
- Economic
- Environment
- Political

STEEPLE

- Social
- Technological
- Economic
- Environment
- Political
- Legal
- Ethical.

OTHER HEADINGS

- Customers
- Stakeholders
- Market

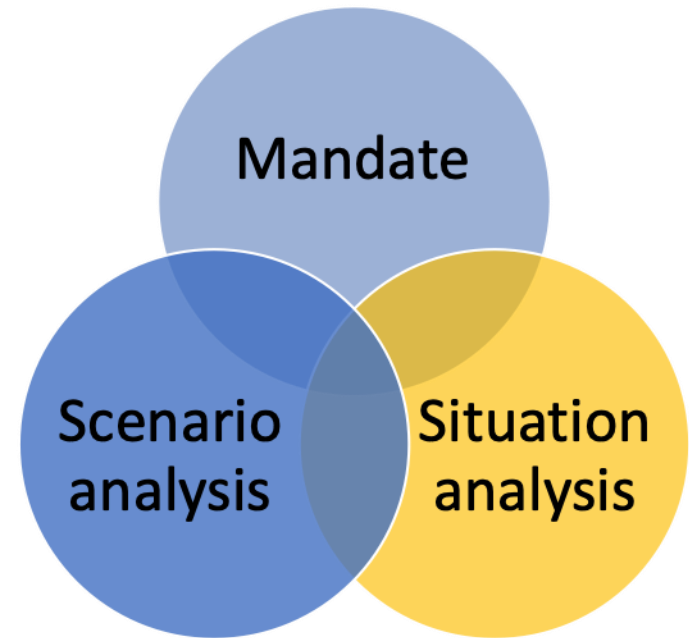


Situational position – internal?

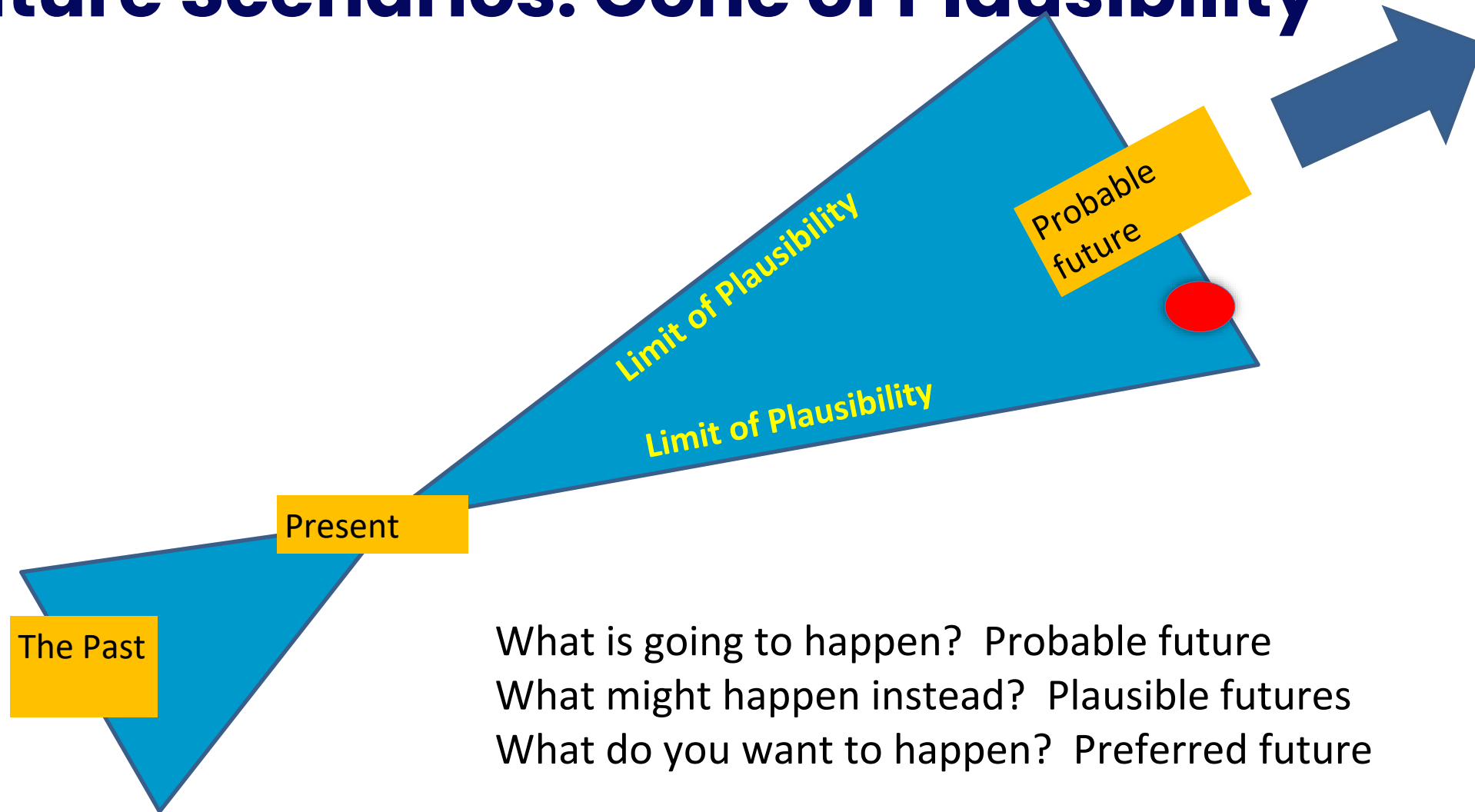
What shape is the organisation in to succeed with the strategy?

- Culture
- Skills
- Knowledge base
- Structure
- Systems
- Governance
- Technology
- Other?

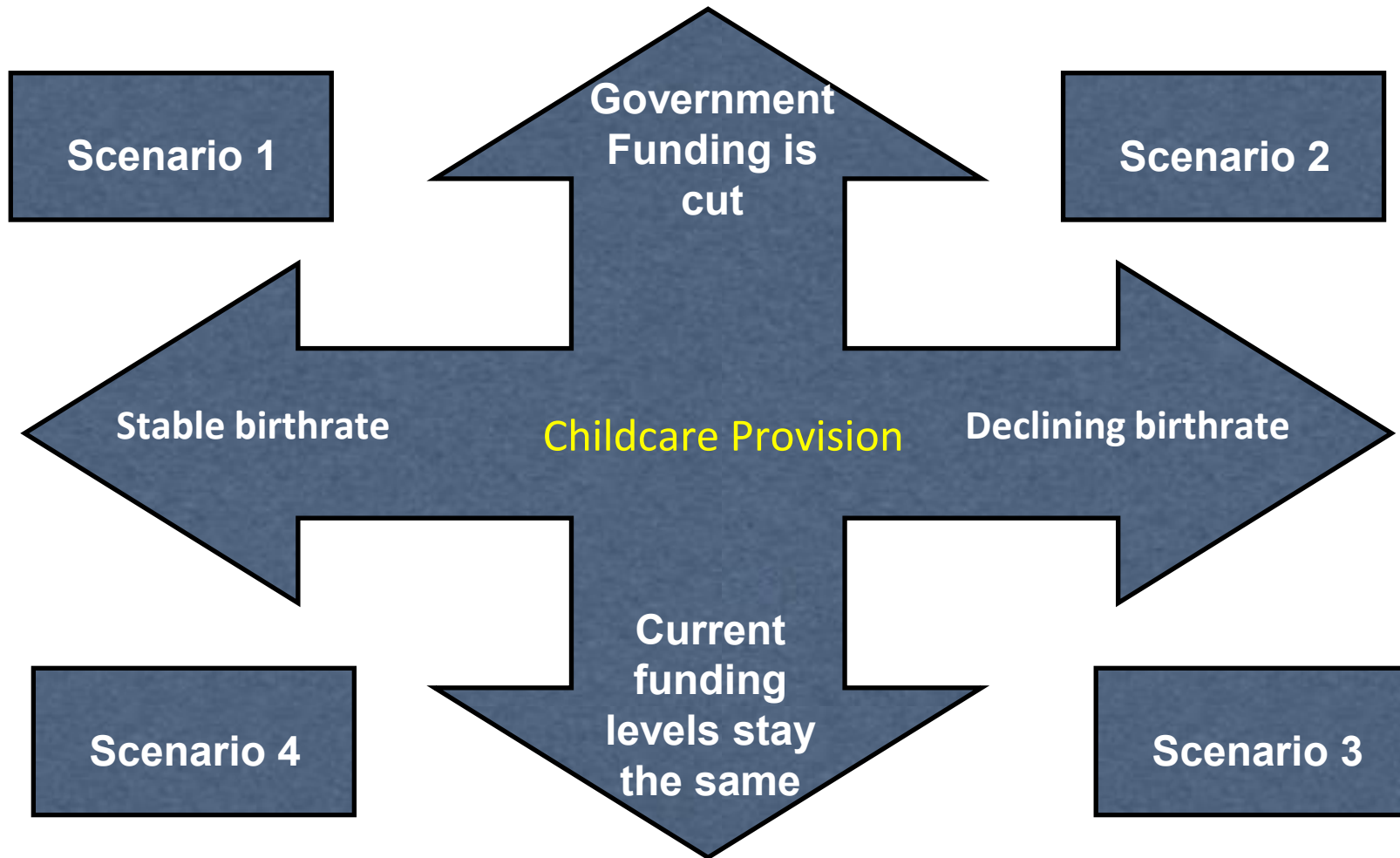
Strengths	Weaknesses
Opportunities	Threats



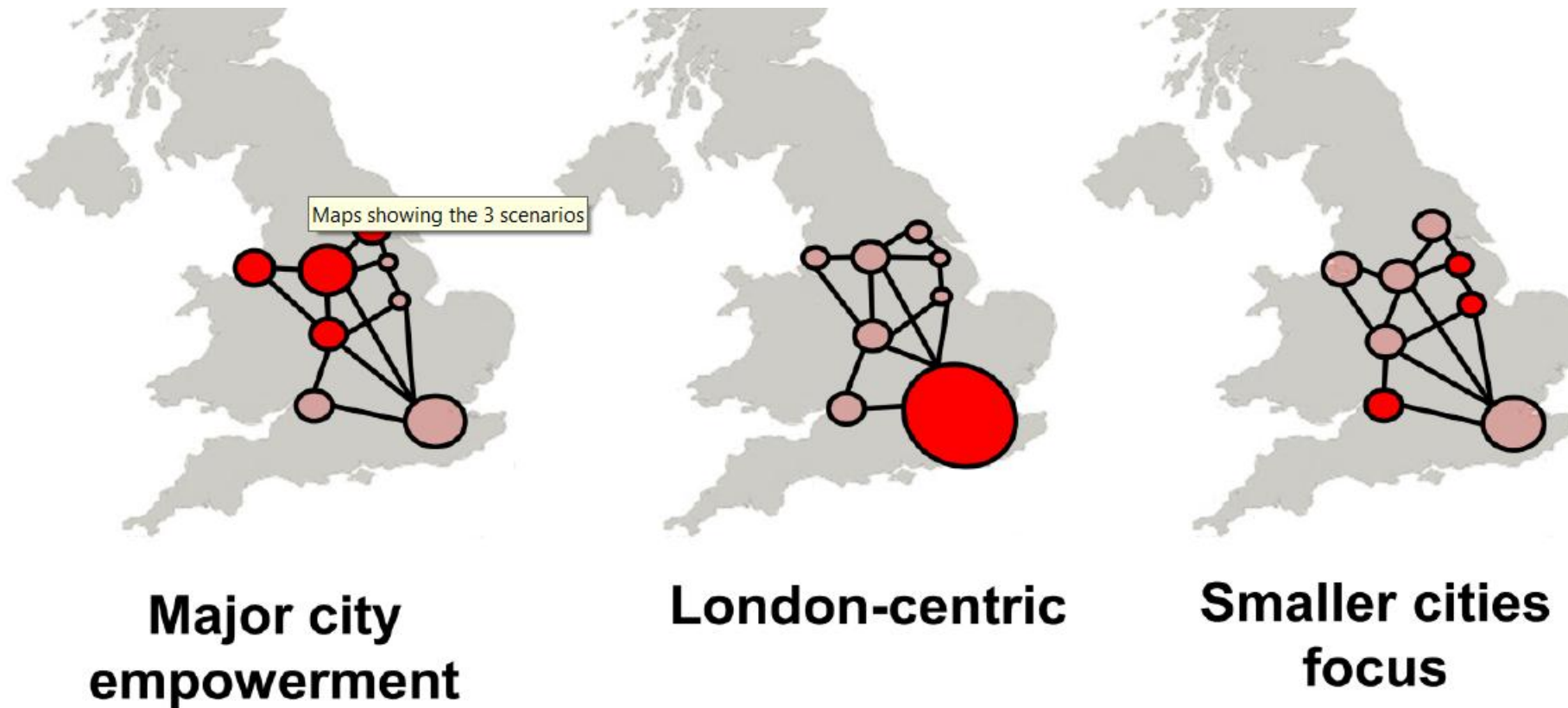
Future Scenarios: Cone of Plausibility



Two Axes Example

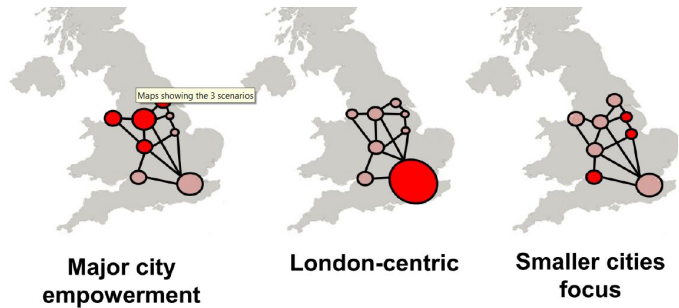


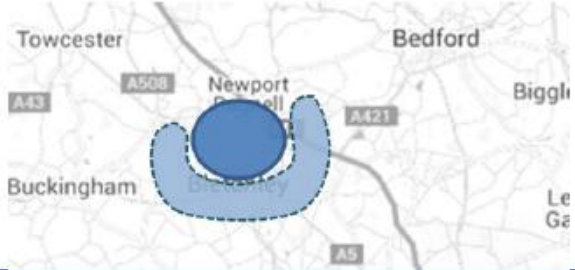
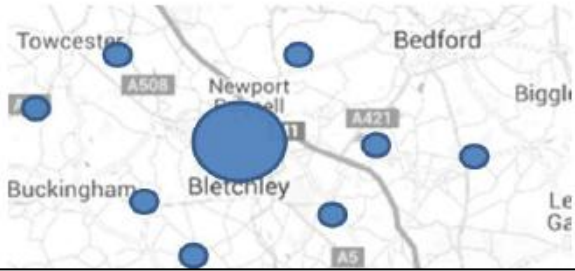
Three illustrative scenarios for the future UK system of cities



Future of UK Cities:
Three Contrasting
Scenarios: Corinne Swain
& Ine Steenmans, March
2016, Foresight, Govt
Office for Science

What the three different scenarios might look like for Milton Keynes.



UK system of cities scenarios	City spatial development pattern (Milton Keynes workshop)
Major cities empowerment	Concentrated fringe development to accommodate growth: 
London centric	High density development of city-centre around train station for commuters to London: 
Smaller cities focus	Satellite town development to preserve historic Milton Keynes work-life offer of a city with access to the countryside: 



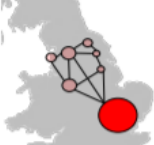
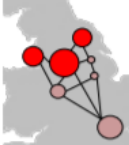
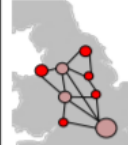
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Detailed exploration of what the different futures might look like for Milton Keynes

Future of UK Cities: Three contrasting scenarios

Worksheet - template

In _____, if UK cities developed with relative growth as in scenario 'X', what would be some of the **distinctive features** of the experiences, designs and development of **cities/city**: _____ driven by _____?

LENSES 	SCENARIOS		
	 London-centric • Extreme continuation of status quo • Majority of investment in infrastructure serving GSE	 Major cities growth • Accelerated growth of major non-GSE city-regions • E.g. Manchester, Leeds, Liverpool, Newcastle, etc.	 Smaller cities focus • Cities such as Chester, York, Norwich, Worcester, Preston, etc. experience large growth
Resources & environment Water availability, energy use, food production, waste management, ...			
Living Habits, expectations, identity, well-being, social interaction, culture, ageing, ...			
Economies Competitive industries, skills gaps, education, growth, international trade...			
Form Density, housing types, street layout, regional patterns, zoning changes, ...			
Infrastructure Transport networks, ICT impacts, autonomous technologies, decentralised ...			
Governance Privatisation, accountability, civil unrest, regulatory innovation, democracy, rights etc			

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Postcard from the future - Milton Keynes 2050

Postcard from the future – year *2050* in *Milton Keynes*

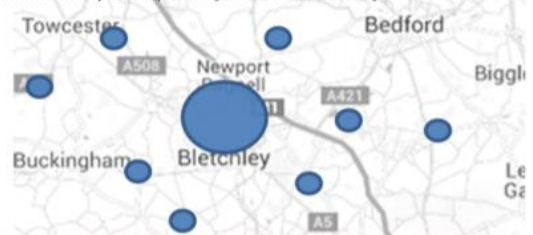


Since 2016 population growth focused within Greater South East / major cities (e.g. Birmingham, Manchester) / smaller cities (e.g. Crawley and York)

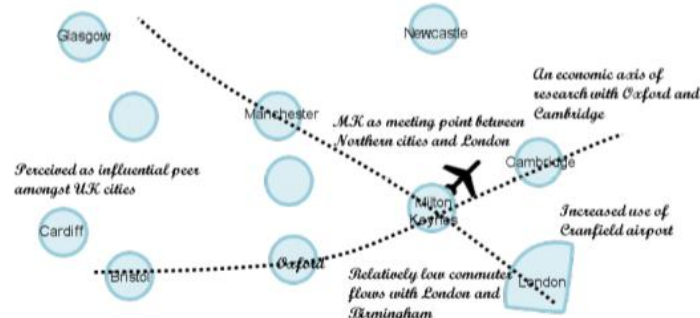
City's population has grown by 250,000 (100 % increase)

The current distribution of population around the city/region looks like:

Satellite towns development to preserve grid road structure in city centre



The city's role within the national system of cities and its relationships with surrounding cities are now characterised by



The highest growth economic sector is

Research. Specifically in tech and analytics sectors which developed from the existing University relationships in the region and Formula 1 capabilities.

Employers see the city's strength arising from

The flexible, cost effective and motivated workforce with high levels of technical skills. Many work flexibly on a number of R&D projects, working from home some days, and a few days a week travelling into collaborative working spaces in city centre.

How are people moving around the city?

Movement within satellite town is predominantly by foot/bicycle. Residents like to be active outdoors. Travel between the satellite towns and city centre is primarily by use of bicycle 'highways', or small autonomous vehicles

People think that life in their city is...

A unique quality of life offer, as most people have immediate access to the surrounding countryside and outdoors, but can work flexible in an exciting job whilst having much time with families.

People wish that the following was different about their city:

That when early decisions were made to develop satellite towns, more emphasis was placed on very high quality housing, as the work-life offer of Milton Keynes is so special, but we didn't set the standard for the buildings themselves high enough in some cases.

If I had been responsible for the city's future in around 2016, I wish I would have known that:

- 1. More insight into the different finance options for developing small, high density development that offer access to green space for residents and high quality housing*
- 2. The relationship between the existing Universities and surrounding London, Oxford and Cambridge Unis could have been developed earlier on.*

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Where to get more information

- Although designed for Civil Servants, open-source material on the government website has a wealth of information on 'scenario planning'. Search for Gov.UK Futures toolkit

Supply and Delivery Chain Risk Mapping

- Provides information about the:
 - formal relationships
 - financial flows
 - operational process
 - potential risk
- DCRM is about understanding, capturing, and managing the risks to the successful delivery in relation to upstream suppliers and downstream delivery partners.



Supply and Delivery Chain Risk Mapping

- Remains important throughout the strategy lifecycle
- The map will be a live document which will support programme management and monitoring, helping all those involved in programme delivery remain alert to new and emerging risks.



Session 3

- Monitoring, Evaluating and Re-thinking Strategy

Ensuring effective and efficient monitoring

- What is it that you want to know about your performance?
- How are you going to measure it?
- Do not move forward if you cannot answer this question!



Metrics (for monitoring and evaluation)



What gets measured gets
done



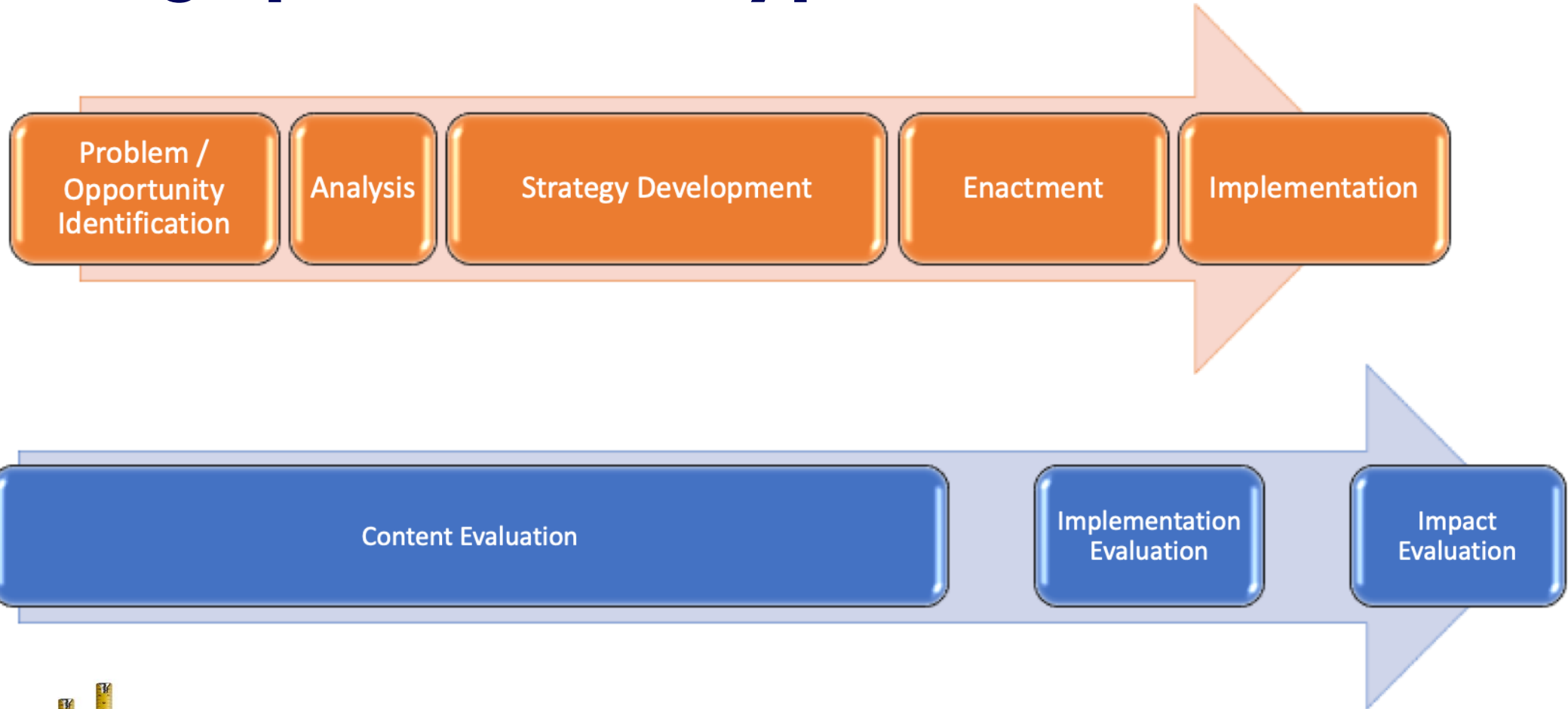
But what gets measured may
be “gamed”.

Good evaluation ...

- Starts with sound strategy and clear outcome objectives ...
- A clear understanding of what you think success will look like.



Change phases and types of evaluation



Three types of evaluation

- Evaluating Content
 - Does the content clearly articulate the goal, its implementation and the underlying logic for why you are introducing change?
 - Evaluating the development of a change helps to understand the context, content, and implementation
- Evaluating Implementation:
 - Is implementation as intended?
 - Implementation is a critical component in understanding its effectiveness
 - Are short term and intermediate outcomes delivered?
- Evaluating Impact:
 - Did the change deliver the intended outcomes and impact?



Session 4

- Workshop – Being Strategic in your Organisation

Session 5

- Strategy and Change

Discussion – why change fails and how it can succeed

- Factors that, in your experience, can cause change to fail/be compromised and factors that can help change succeed.



Close

- Thank you!