



Action from insight

Why is clever analysis not enough to translate into action?

15 April 2010, Palisade risk conference

We help you simplify decisions without sacrificing value

How can we generate insight? A bewildering choice and number of decision tools and techniques

Tools

- Palisade tools
- Templates
- Decision software
- Price forecasting
- Real options
- NPV, EV
- Value at risk
- Strategic gaming
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Techniques

- Rules of thumb
- Industry experience
- Decision analysis
- Decision conferencing
- Multi attribute analysis
- Dialogue decision process
- Decision Quality
- Darts
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Point of view: as a community we are able to generate incredible insights to support key decisions – decisions are at the core of adding value; why are we not more relevant?



Is this the right question to ask?

- What is the basic purpose of analysis?

Understand the situation

What drives value

Comfort / justify chosen path

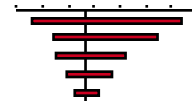
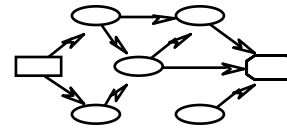
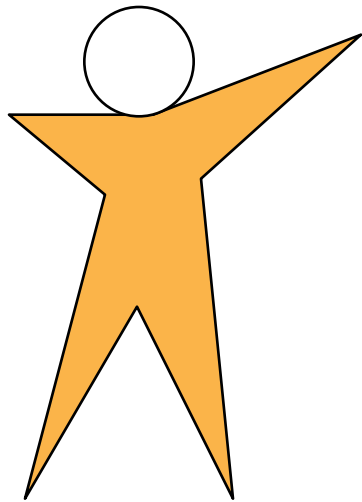
Decision insight

- Who needs and owns the analysis?
 - Materiality of the problem / opportunity
 - Complexity of insight required
 - Organisational alignment needed

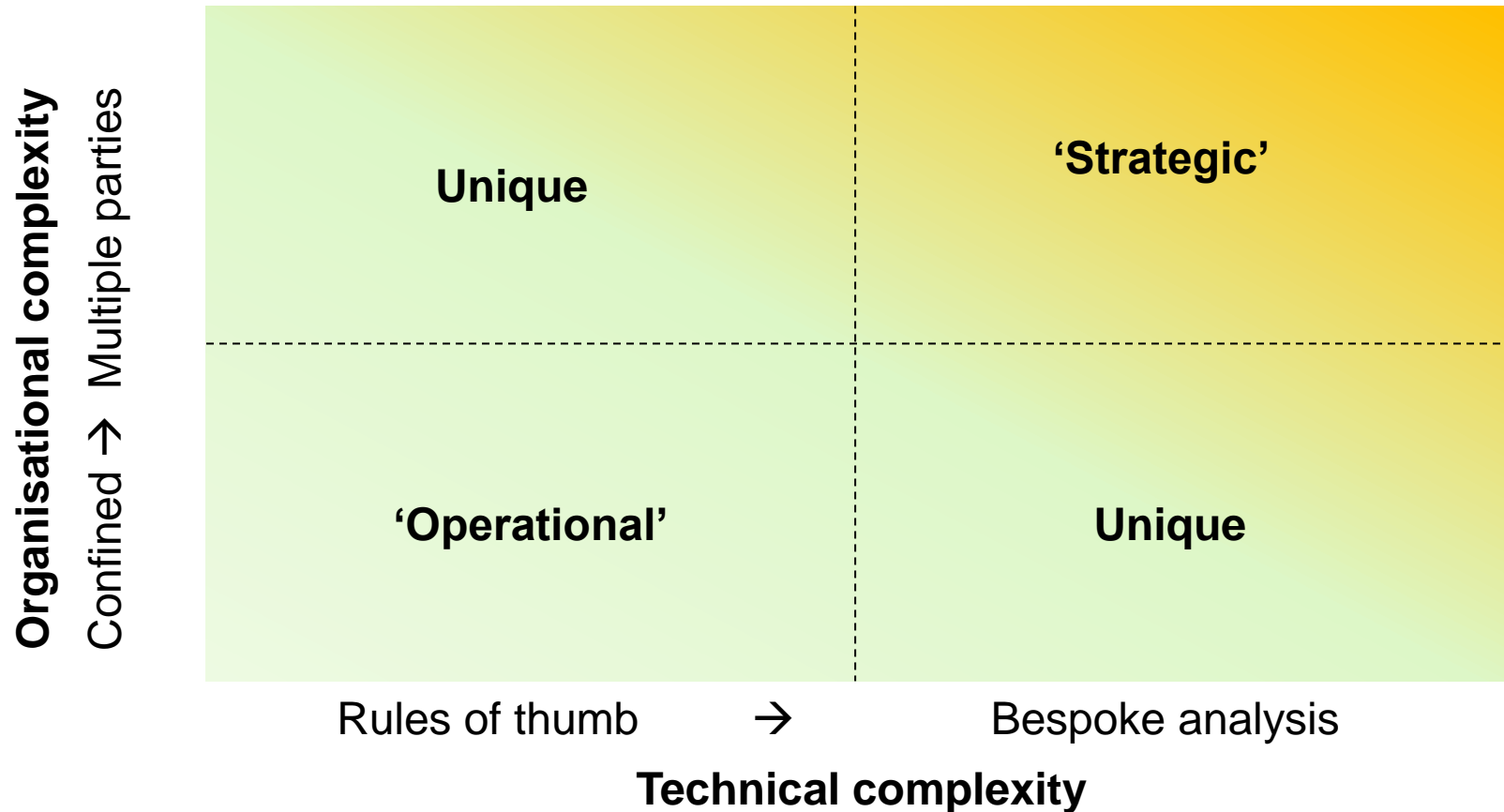


Leadership must own the decision to act on insight.

People + **Process** + **Analytical insight** = **Decision Quality**



To establish 'fit for purpose', we use distinctions of technical and organisational complexity



Point of view: a tendency to focus analysis to support less critical and less complex decisions – is exactly where less value is added



Analysis is not enough to make a decision stick and translate into action:

- During a strategy effort the team has worked to share a frame, understand a problem and develop insights that result in a choice . .
- . . . but the choice will never produce results unless it is related to the larger world of the organisation
- The team must communicate its frame, insights and enthusiasm to the people who will initiate, implement and live with the chosen alternative.
- If this doesn't happen with quality then the chosen alternative may never be implemented or . . .
- . . . even worse, may be poorly implemented by a recalcitrant, unenthusiastic or misunderstanding organisation.



A lack of follow-through or commitment to action is one of the deadliest sins in strategy development.



"This plan will be much easier not to implement than the last plan we didn't implement."

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Take-aways and conclusions

- Take aways from assignments where we build decision capability
 - Starting point is often an experience in a high profile assignment
 - We like more of this
 - Help us repeat the type of insights that impressed us
 - The analysis may be great but the really hard part may not be visible
 - Behind the scenes a lot of work is done with the decision makers
 - To work on just the supply side is missing the point
 - The demand side must be tackled in parallel
- Fit for purpose link of analysis to action
 - Challenging, upfront dialogue about what insights are helpful
 - Agree the questions first, before providing the answers
 - Frame decisions as a process – not an event, where relevant
 - Specific roles in decisions can be designed ‘scalable’ from function to board

