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Workshop 1: *“Turning Strategy into Great Performance”*

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**The narrative of the ‘great performance’
is invariably retrospective**

when do great performances become

‘classic’, ‘vintage’, outdated

or ‘evergreen’?



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Mankins and Steele (2005): “Turning Great Strategy into Great Performance”, HBR, 2005

The ‘strategy to performance’ gap in for-profits

“ companies typically realise only about 60% of their strategies’ potential value because of defects and breakdowns in planning and execution”



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What counts as ‘performance’ for charities, third sector organisations, nonprofits ?

Stone et al (1999, 415)

”performance as the ability to acquire resources necessary for organizational survival.

.....a proxy measure, indicating perceived organizational effectiveness and legitimacy by resource suppliers.”



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In this workshop, we want (plan) to draw together pracademic and academic perspectives

- Reviewing core concepts and landmarks in ‘strategy and change’ in charities , from the practice perspective
- Considering academic approaches to strategy and performance, around ‘execution’, ‘emergence’ and leadership
- Presenting thinking on ‘strategic deliberation’, ‘adaptive capacity’ and ‘strategic intuition’
- Raising questions on charity finance people’s ‘strategy and performance’ roles....



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Strategy and change

- Develop
- Review
- Implement

- Engaging hearts & Minds



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hearts and minds.....

- Strategy
- Mission
- Effectiveness
- Trust in the Brand
- British Army
Malaya
Emergency
1952
- General Sir
Gerald Templer



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Definition of strategy for non profits....

Non-profit strategy is a coherent set of general ideas which explain how the organization is going to pursue its vision and carry out its mission during the years ahead.

Sheehan, R. M., Jr. (1996). Mission Accomplishment as Philanthropic Organization Effectiveness. Nonprofit and Voluntary Sector Quarterly, vol. 25, no. 1, 110-123.



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Recognising strategy in your organisation

- the pattern of decisions that determines and reveals its purposes and goals, which produces the principal policies and plans for achieving those goals
- levels of input



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Development of strategy

non profits focus on their “mission gap” when creating strategy. They create a “vision” for what they want to organization to be like and create a strategy to achieve the vision, and subsequently close the mission gap.



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Strategy & Mission

Commitment to accomplish the mission is the driving force for attaining high performance (Senge, 1990).

Non-profits have missions which are to make a difference in the world. Their aim is to accomplish their missions. Their “mission gap” is a key motivator in strategy development.



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Mission effectiveness

- Defined as the degree to which employees perceive their organisation fulfilling its mission or stated charitable objects.
- Effectiveness is a result of interaction among the organisation's trustees, staff, beneficiaries and other stakeholders.



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Measuring effectiveness

The most important benefit of an appraisal of an organisation's effectiveness, is to be able to determine the extent to which the organisations mission is being achieved.



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Mission trade-offs

Charities must analyse both the direct and indirect mission impacts of any initiatives, which may result in a series of trade-offs between mission-responsive and financially rewarding activities.



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Mission Gap

The term “mission gap” refers to the difference between the current state of the condition of the “persons, places, and/or things” for whom/which the organization wants to make a difference and their/its condition in an ideal world



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Trust in the brand?

- CFG Chair April 2014:

“charities are becoming extraordinarily disconnected from supporters who do not understand the work they do”

Better communication with the public about the realities of how charities work



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Brand identity – a good thing?

“ I guess the danger for the charity is becoming a brand. The brand ought to be supportive and descriptive of what the charity really is and does. It is very easy in this day and age to create a brand, which bears little resemblance to what lies underneath”.



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Some underlying academic perspectives:

(i) the *deployment or execution* of the 'strategic plan' is what matters

e.g. Kaplan and Norton (2008) *The Execution Premium: linking strategy to operations for competitive advantage*

“ In October 2007, Tony Hayward, new CEO of BP said “our problem is not about the strategy itself but our execution of it”



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'execution'

- develop strategy
- Plan strategy
- Align organisation with strategy
- Plan the operations
- Monitor and learn
- Test and adapt
- We're in what business?
- How do we describe, operationalise and fund?
- 'all on the same page'?
- What improvements do we need to reach and sustain strategy?
- Internally
- externally



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**rational, linear,
prescriptive, reductionist ;**

judgmental?

e.g. “Evolution or extinction: A strategy for nonprofits in the marketplace” (2000)

“From beggar to partner: nonprofit-business collaboration as a strategic choice for the nonprofits” (2013)

(Are CFOs the natural executors’?)



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(ii) strategy is better understood as being “crafted”

Mintzberg (1978) strategy as “*a pattern in a stream of decisions*”

deliberate strategy

- patterns intended before being realised

emergent strategy

- patterns realised in spite of or in the absence of intentions.....



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Emergent strategy – does not lend itself to template –building-

***Are CFOs likely emergent strategisers?
With what impacts on performance?***

- *Can we identify its components*
- *Can we express emergent strategy visually?*



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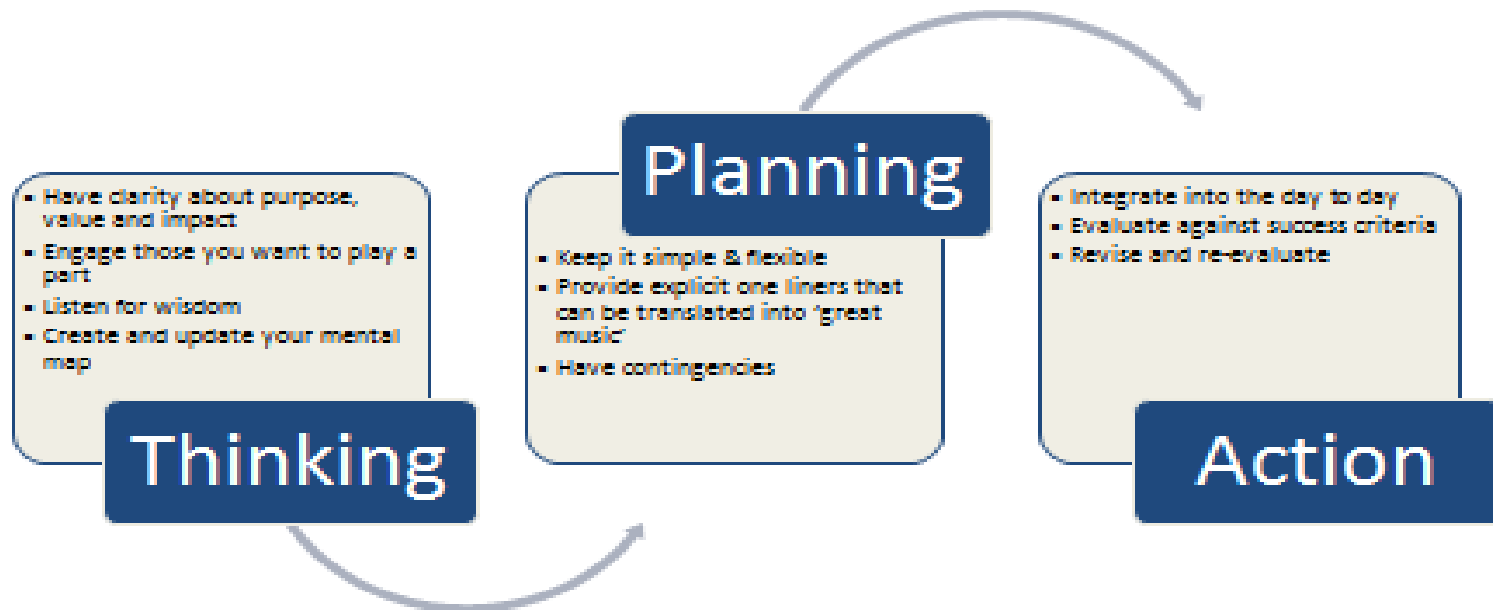
(iii) strategy and leadership are critically inter-linked

Caroline Copeman at Cass CCE uses Adair's leadership model, to derive a "futures" view of 'what strategy is about':

"Strategy, a combination of thinking, planning and action, can be seen as a means of mobilising an organisation to get to its future - delivering superior value and making a difference for beneficiaries"



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(iv) Thinking of strategy in terms of 'strategic conversations' or 'deliberations' (Bryson 2011)

Chadwick-Coule's (2011) case study research in TSOs

Unitary approach – strategy dominated by CEO and elite group of board members

Pluralist approach - where a commitment to 'democratic discourse' a on major decisions on resources and mission, with '*space for debate beyond those who sit at the apex of the organisation*'



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Who are the conversationalists in your organisation's strategic conversations?

whose voices are muffled?

Where does and where should the CFO and finance staff sit – at the apex?

How are 'all' best engaged?



Bryson: “no where in the deliberative tradition implies that there is one best answer to major challenges”

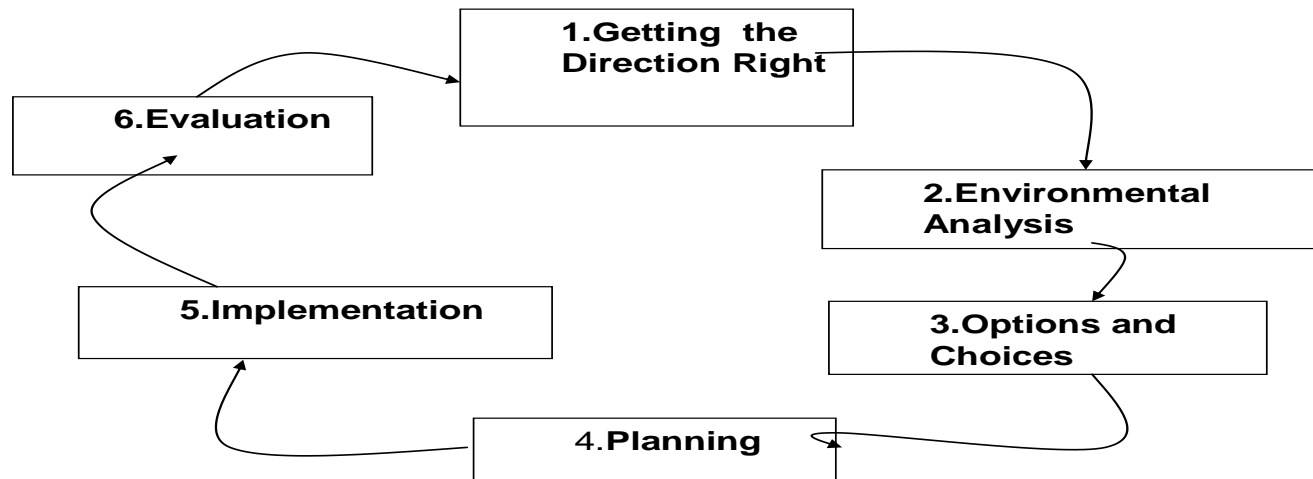
What to deliberate on ? Copeman:

- *What do you want the future to hold?*
- *Which other organisations could you work with?*
 - *Where will you focus your attention?*
- *How do you take staff and trustees with you?*



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Copeman et al 's 'strategy planning toolkit (2008); *these 4 questions run throughout....*





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But still possible for strategy to be widely understood in organisations as

“*top management’s plans to attain outcomes consistent with the organisation’s mission and goals*”

(Wright et al, 1992)



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(v) 'adaptive capacity is critical for strategy making - where rational and crafting approaches meet?

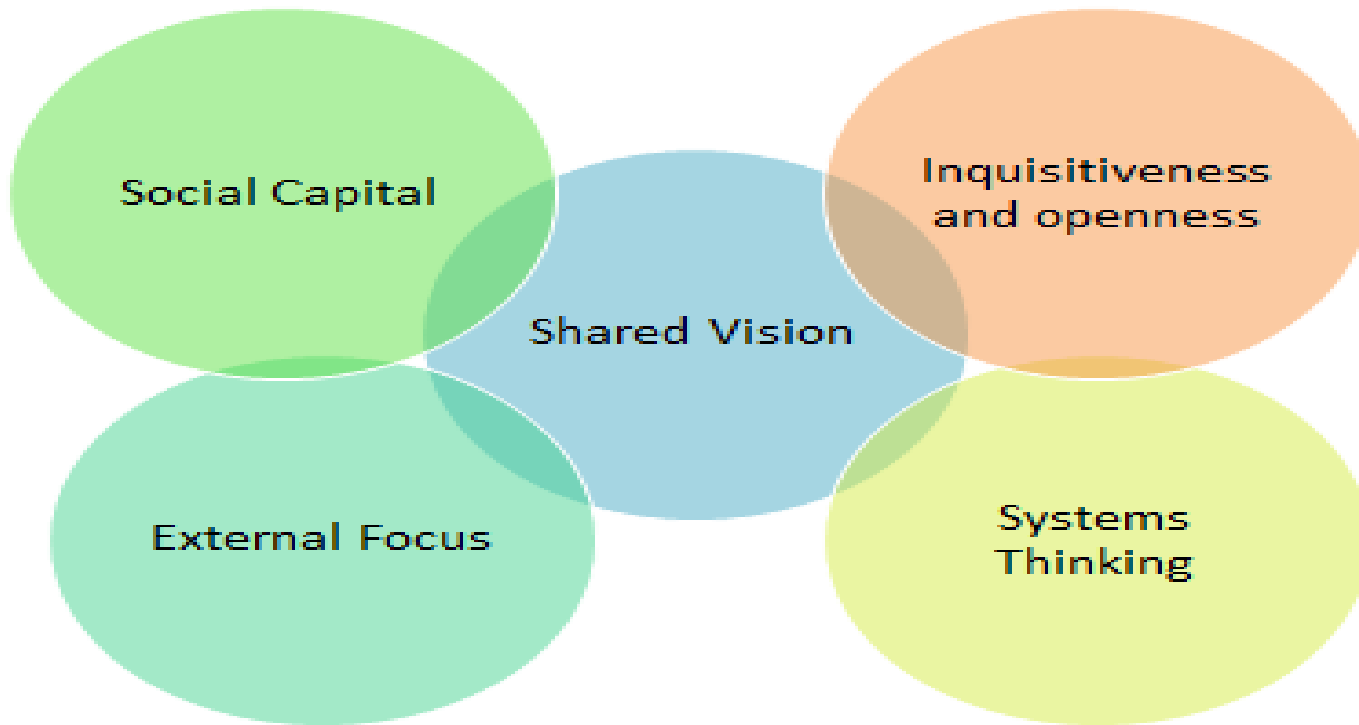
Strichman and Marshood (2010)

Haifa-Boston learning exchange, adaptive capacity in new and early stage nonprofit organisations as critical:

- (where there may be strong consensus on organisational vision; less on providing sufficient clarity regarding specific organisational goals.....)



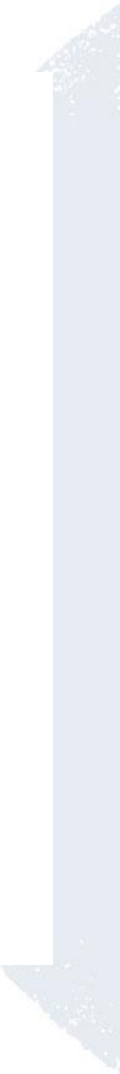
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Inter-related

Overlapping

Reinforce each other





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(vi) that divergent thinking has a critical role, e.g. that of ‘strategic intuition, (Duggan, 2007, 2013)

distinct from ‘ordinary’ intuition (emotion, feeling)

‘strategic intuition’ –stems from’ thinking’; i.e.



- different from
'snap judgments'

(which Duggan sees
as 'expert intuition')

- Your expert intuition might see something familiar and make a snap judgment too soon.
- *“(This discipline) requires you to see when a situation is new and turn off your expert intuition”*



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“strategic intuition is always slow, it works best for new situations which is when you need your new ideas”

“reverse brainstorming”

An especial challenge for professional staff?

“sleep on it”

Do we equate CFOs with strategic intuition?



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Who knows if you had a ‘great performance’ – or a controversial one? Some final thoughts -

- Strategic communications
 - e.g.
 - creating ‘bright spots’
 - focusing on the impact which data and data-based insights can have



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Should we still be looking for 'breakthrough strategies'?

e.g. Sheehan, 'Breakthrough Strategies for
Nonprofits', Wiley 2013

For truly significant performance, nonprofit managers must break through traditional ideas and approaches and craft aspirational visions, identify relevant mission accomplishment measures, and execute strategy focused on achieving outcome-based, stretch goals."

Differentiation the key – back to 'brand'?



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CFOs and colleagues....

The challenges of
strategic
differentiation
in third sector
organisations?

How far can we
stretch this ?

Finance functions
and roles –

Are they , should
they be a critical
differentiator?



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