



STRATEGIC ROADMAPS: A USER GUIDE

STRATEGIC ROADMAPS

A USER MANUAL FOR BOARDS

Many Organisations struggle more than they need to in balancing the perceived duties of a Board and the execution of strategy by the executive team. How operational should we be? How do we hold the CEO to account? Are we true to our purpose and mission throughout the organization? As a Director how can I demonstrate I am providing value?

One solution is to create a “Strategic Roadmap”. This highlights the key issues, provides a mandate for the CEO to progress and creates a simple framework for monitoring progress and ensuring accountability. It is not a 40 page document or a 110 slide PowerPoint.

Over the last few years I have worked with several Boards and their CEOs in Australia and as we focus on a new financial year this may be the right time to put a road map together. This is not a comprehensive note on Board Governance, simply my thoughts on how an effective engagement on strategy should progress with a Strategic Roadmap in place.

This paper covers the following:

- The Role of the Roadmap
- The Design Phase & Process
- The Board Decision Making Process
- The Underlying Initiatives and Governance
- Ongoing Process



**These principles work as well for Advisory Boards and other governance models*

ROLE OF THE ROADMAP

A Roadmap should be as simple as possible and intentionally leaves a lot of operational detail out. There may be something in the order of 15-20 key initiatives clustered into 4 or 5 main themes. In designing the format we want to be able to **tell the story**, understand the issues, be able to question and, if needed, challenge the CEO on the content but ultimately to agree a clear way forward with an understanding on how we can monitor progress.

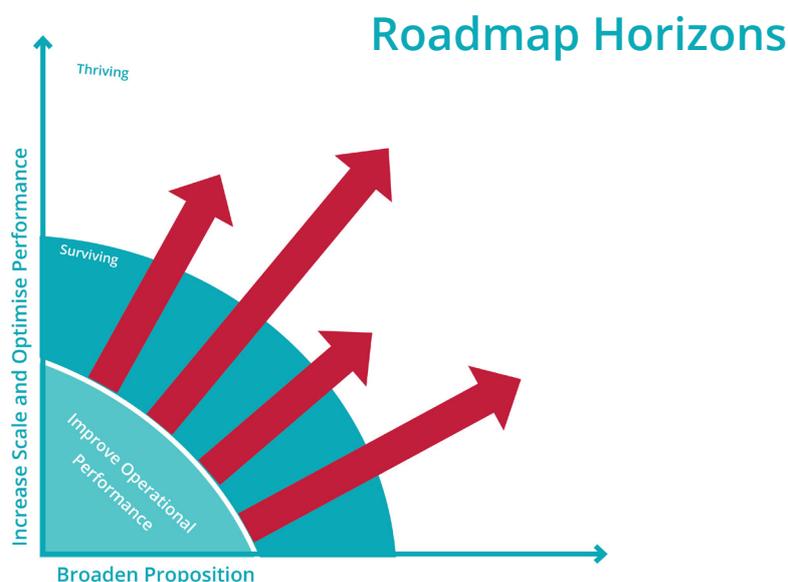
Many organisation benefit from a three “horizons” approach. For industries facing disruptive change then these phases usually define the activities well:

1. **Responding**: Usually an investment phase, where you use reserves
2. **Surviving**: Ensuring financial equilibrium, where financial concerns are reduced
3. **Thriving**: Achieving and building on the core mission of the organisation.

The test for a Board and the CEO is whether you have all three phases in the appropriate perspective.

- Often all focus is on “turnaround” without regard to what happens next
- If the focus is just on surviving then core purpose can be lost because survival takes over every agenda
- If too much focus is on the long term, then the risk is that we are “fiddling while Rome burns”

The ideal is to balance between the three.



THE DESIGN PROCESS

This process is best applied using an external facilitator. This facilitator plays several critical roles: They help ensure the process keeps on track and does not get hijacked with short term or urgent distractions, they harness rather than suppress some of the emotions in this process, encourage opinions to be made at the right time and challenge long held assumptions.

Pre-Work: Face to Face

The facilitator should speak face to face with most Directors and the senior executives before the first of two workshops. This allows considerable input and structure about the future and the essence of purpose, vision, values and where the organization should evolve.

Workshop 1 – Strategy Direction and Design

The first workshop brings out all the issues and formulates the strategic direction, including a first cut of the critical success factors and labels the main strategic initiatives.

With a gap of 3-4 weeks the time in between is designed to explore the outstanding issues and for the CEO to draft the draft road map.

Workshop 2 – Implications and the Strategic Roadmap

This allows options to be tabled and, critically, bringing the few truly significant strategic implications, such as:

- What business will we become, what will we exit?
- What Capital constraints do we have?
- What are the capability limitations in the workforce or leadership team?
- How does the culture (i.e. behaviors) need to change against aspired values?

Draft Roadmap

The final output of this process is a mandate for the CEO to produce a relatively succinct document (a “roadmap”) from which the most important elements that need to be discussed between Board and CEO emerge. It is this document that drives the discussion between the board and the CEO, enabling the Executive to focus on operations and the Board to ensure strategy is being executed.

Sign Off

At the next Board meeting following the discussions of workshop 2, the CEO presents the final Road Map for sign off by the Board. This can progress in two ways: a) The “**Rubber**

Stamp” or b) **“Engage and Commit”**. If there are no contentious issues, because they have all emerged in Workshop 2, then the board can endorse the CEO’s plan without further debate. The danger is that this might suppress some still unresolved issues. Best to expect a two-phase approach. The CEO highlights the areas that were perceived to be contentious with his/her recommendations, leading to a final sign off at the next Board meeting.

BOARD DISCUSSIONS AND SIGN OFF

How the Board manages the discussion of the Road Map and the underlying initiatives is important. Avoiding a talking shop needs the following considerations:

- **Avoid too much wordcrafting.** Does the roadmap capture the essence of what you are trying to achieve? Ask the question “if we changed these words, would that materially effect any of the strategies we have?” if the answer is no, let it go, at least until next years review.
- **Mean what you say and say what you mean.** The roadmap is for discussion at Board and Senior executive level. It is not the communication plan to others, which will emerge from this. It allows the questions such as ‘If we really mean this, then what do we really have to do?’
- **Recognise some of the elements are iterative** and will change but in the end the CEO needs a solid foundation of support from the Board to implement the plan.

The Board is then at the stage the test is to stand back and ask:

- Is this strategy fit for purpose?
- Will we have a good chance of achieving the strategic objectives?
- Is there enough substance in the plan to be able to monitor progress and hold the CEO accountable?

If the answer to these three question is” Yes”, then:

- How can the board support the CEO and the organisation implement the strategy effectively?

“DECIDE DEMOCRATICALLY, IMPLEMENT AUTOCRATICALLY”

- PETER SHUTZ, CEO PORSCHE 1981-1987

THE UNDERLYING INITIATIVES AND GOVERNANCE

The 15 – 20 initiatives can be clustered and categorized as:

1. Ongoing, primarily operation initiatives
2. Initiatives that are already underway (and will have already been discussed at length with the Board),
3. Initiatives that have been fairly well developed in terms of design but are yet to implement, which will be subject to future discussion at the Board meeting
4. Identified initiatives that need significant development.

A small number of these will have been highlighted of major strategic importance.

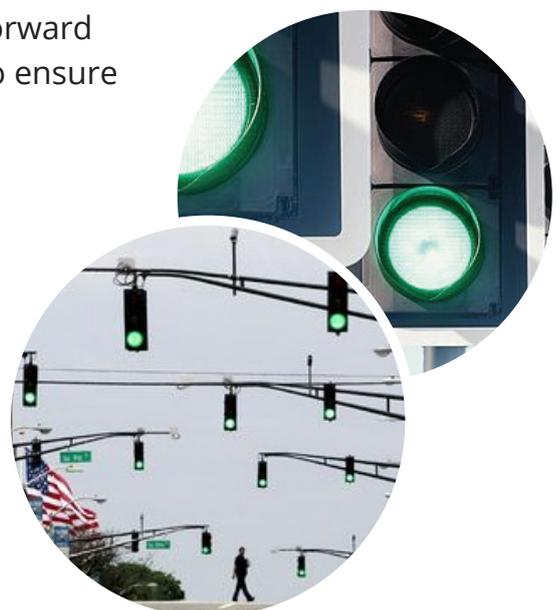
The real world carries on. Because of that, issues will arise, changes to tactics may be needed. As new issues are identified, there will be consequent initiatives to address them.

These new initiatives will have to pass the test at executive level first before being presented to the Board:

1. How strongly aligned is this initiative to the overall strategy - in particular alignment to mission?
2. How will implementing this initiative will help the organization get closer to its strategic objective?
3. Does it make sense from an ROI perspective – (the return in the case of a Not for Profit Organisation is a combination of financial return and stakeholder impact.

If these make sense then it should be relatively straightforward for the board to debate the proposal. The Board's role to ensure robustness of process is to ask questions such as:

- What alternative options were considered?
- How reliable are the assumptions?
- Where does this initiative fit in the priorities?
- What else will be impacted in terms of potential delay or distraction?



ONGOING PROCESS RECOMMENDATIONS

1. Monitor strategic initiatives regularly with a focus on
 - a) Critical Initiatives – updates and changes
 - b) Current initiatives – progress against key milestones
 - c) Future initiatives – board papers to refer clearly back to the strategic roadmap in terms of purpose and relevance
2. Risk governance
 - a) Focus on strategic risks and how they are being addressed as opposed to a compliance mentality
 - b) Regular review on long term financial sustainability and relevance to the marketplace
3. Strategy review timing
 - a) Annual review of roadmap at high level
 - b) Quarterly review of underlying strategy initiatives and relevance to roadmap, and ongoing refinement of progress reporting /dashboard content.

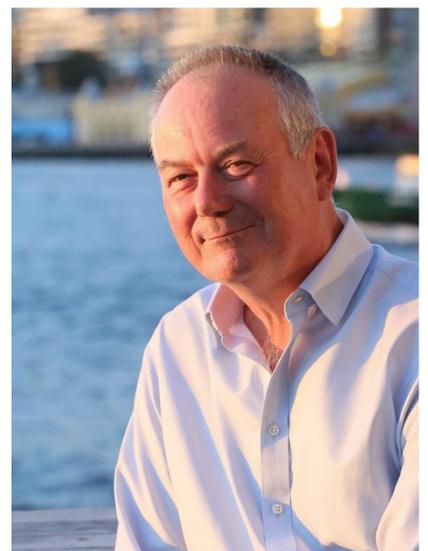
JON LINDSAY, JOINED-UP

Jon Lindsay leads Joined-Up and brings real world experience to provide support for business leaders. He has built on his wide industry experience as a business leader to act as a trusted advisor to CEOs and senior executives. He is a leading authority in “Joined-Up” Leadership and in his mentoring, facilitating and speaking he draws from many of the world’s foremost business thinkers to promote those ideas based on core principles, common sense and simple models.

M: 0407 799 875

E: jon@joined-up.com.au

W: www.joined-up.com.au





Copyright Joined-Up 2018
jon@joined-up.com.au