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Strategic Decisions Group

Marketing the Services of a Decision Analysis Group

Observations and Reflections

Presented to:

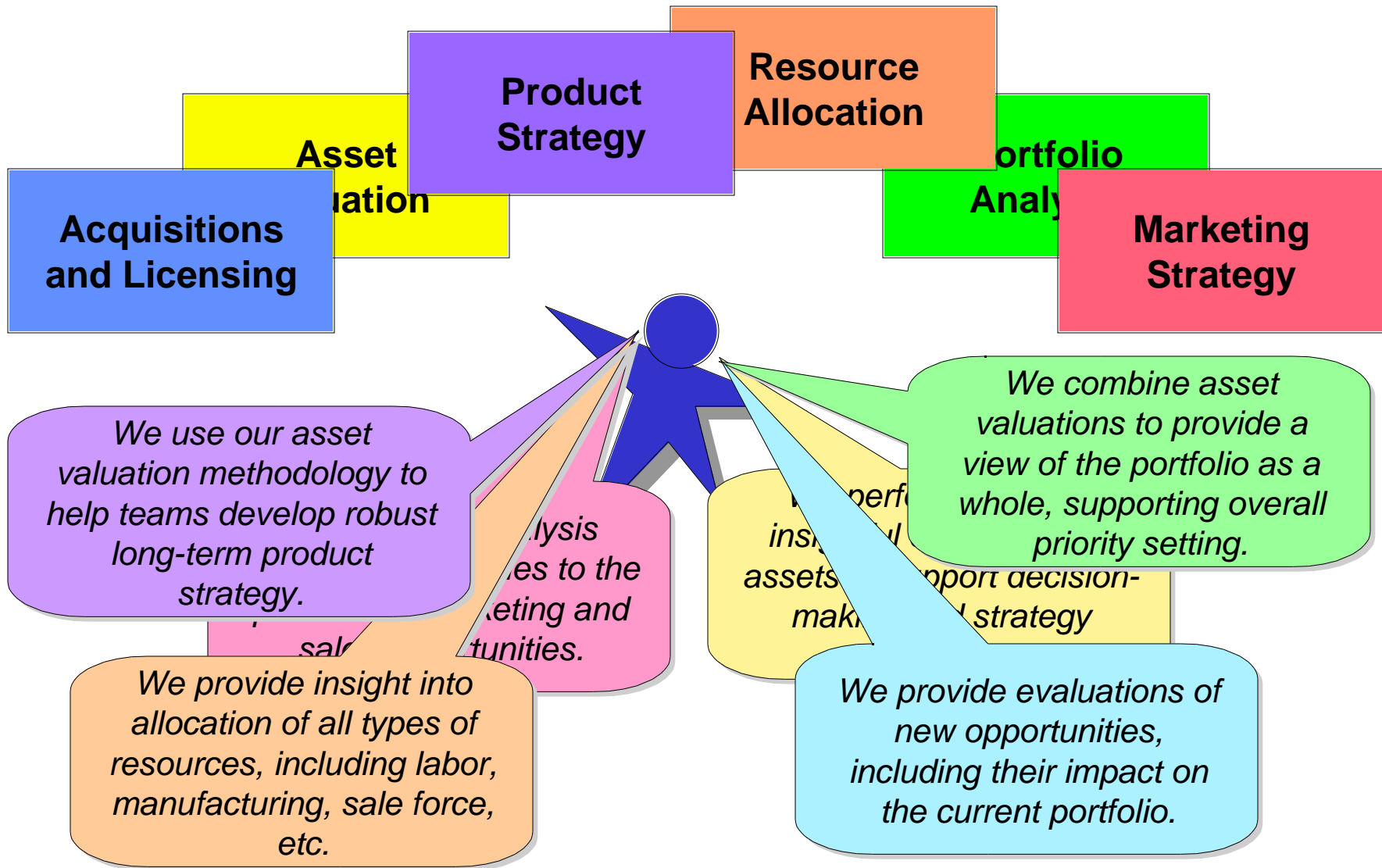## Decision Analysis Affinity Group

Presented by:

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Many internal decision analysis groups start with a specific charter.

Asset Valuation

We perform detailed, insightful evaluations of assets to support decision-making and strategy setting.

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As their reputation and capabilities grow, there are many new horizons to explore.

Acquisitions and Licensing

Asset Valuation

Product Strategy

Resource Allocation

Portfolio Analysis

Marketing Strategy

We use our asset valuation methodology to help teams develop robust long-term product strategy.

We combine asset valuations to provide a view of the portfolio as a whole, supporting overall priority setting.

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We perfo... insi... ...l assets ...pport decision-mak... ...d strategy

We provide insight into allocation of all types of resources, including labor, manufacturing, sale force, etc.

We provide evaluations of new opportunities, including their impact on the current portfolio.

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Simply doing good work may be insufficient; each DA group must periodically consider the broader context of their efforts.

- Great solutions aren't valuable if no one uses them

- Pigeonholing can keep a dynamic group away from areas where they can add value

- Ill-timed or high-profile failures can damage an existing good reputation

- Organizational realities can impact the group itself and the acceptance of their work

The group must assess the effect it is having on a regular basis.

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One group was challenged to develop a much more rigorous portfolio management approach.

The firm had evolved a fairly straightforward framework for managing the portfolio, but there was dissatisfaction with the process:

- No alternative strategies, only 'Go/No Go' decisions, were considered

- Valuation methodology was not standardized

- Lack of consistency in sources and quality of information

- Portfolio decision-making process was not transparent

- Advocacy from product champions influenced the process, leading to sub-optimal resource allocation

Senior Management asked the group to "fix it".

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The internal DA group began an extensive effort to radically improve decision-making.

The group started conducted interviews with the decision-making team:

- What questions would they like portfolio analysis to resolve?

- What sort of output would help them answer these questions?

- What steps should be taken to ensure data integrity?

- Why did previous efforts not satisfy their needs?

With this direction, they designed a process that served these needs:

- Intensive documentation and review of assumptions

- Revised analysis and output displays

Senior management was thrilled, the review went well – a success!

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But was it really so successful?

The product teams were furious!

- The new process required an enormous amount of work in a short time

- Teams lost autonomy to present their own strategy
  - Reviews were standardized to quickly get to the heart of a product

- Reviews were focused on the questions of the reviewers, not the needs of the teams
  - Teams lost an opportunity to discuss the project with their management

Product teams saw the review as a time sink with little impact on their needs. They were not enthusiastic to work with the group again.

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The group was initially taken aback, but moved forward to improve for the next year.
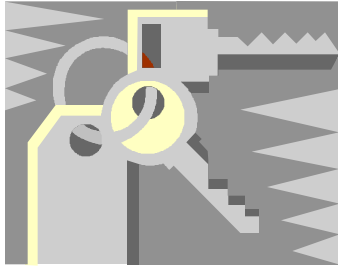
The first step to redemption was to reach out to the product teams:

- Feedback was aggressively sought through many channels

- The internal group admitted that the portfolio process had been difficult for the teams

Revisions to the process were incorporated through a continuous improvement effort:

- The process was revised to provide more flexibility in the depth and nature of the product valuations

- Reviews were refocused to serve both reviewer and team needs

- Opportunities to answer team-specific questions through the valuation process were actively sought, regardless of their use for the portfolio review

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Five* Keys to the Successful Marketing of DA Services

- Understand Your Customers

- Define Your Role

- Communicate Your Services

- Integrate Into Existing Processes

- Capture Best Practices and Continue to Improve
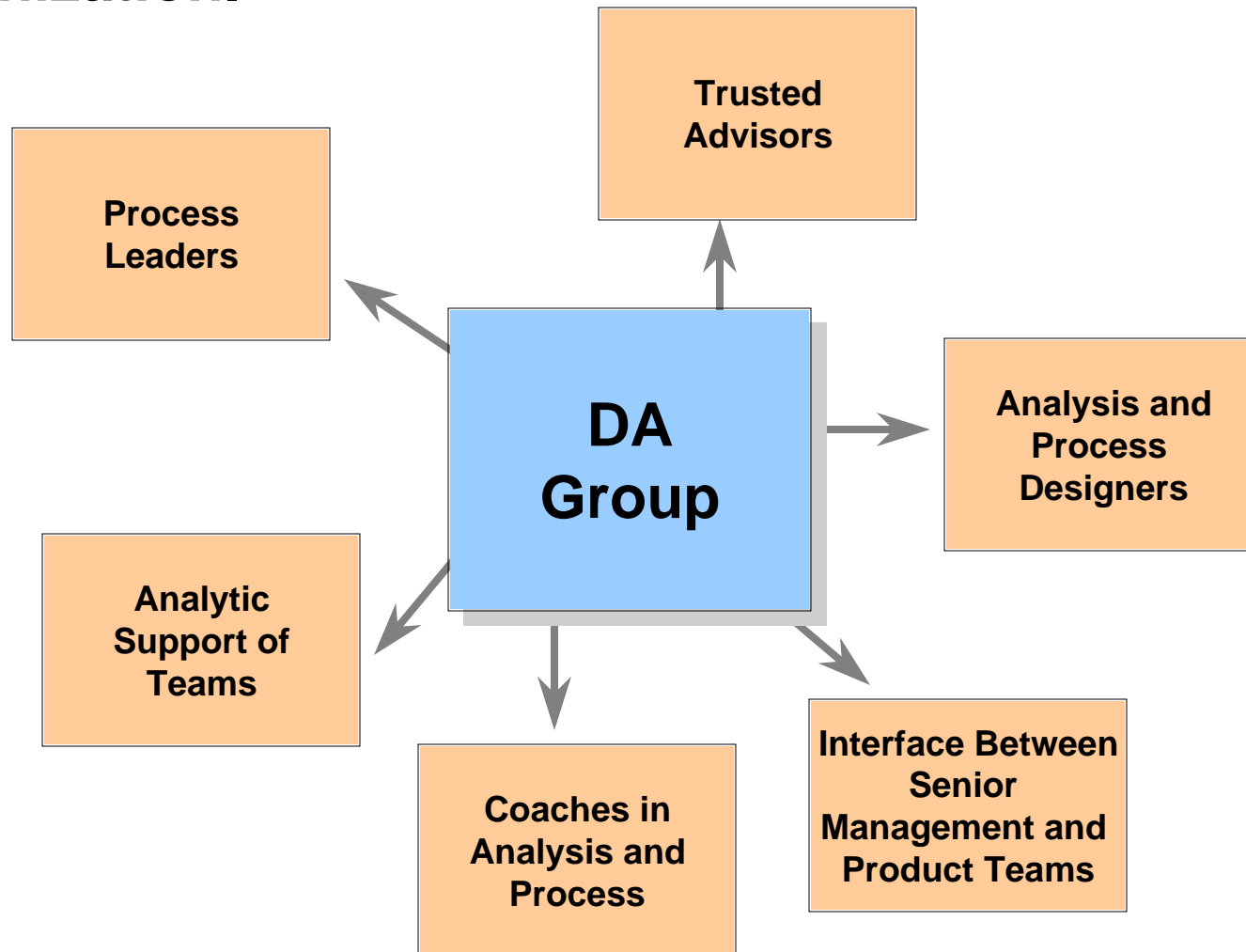
* Neither mutually exclusive nor collectively exhaustive

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Service organizations may have multiple customers, even for the same offering.

The group's structure is strongly influenced by their customer definition:

- Reporting:

  – R&D or Commercial function reporting partially through team leaders

  – Corporate function reporting directly to senior management

- Charter:

  – Teams request work, which may or may not be for presentation for senior management

  – Senior management requests work from teams

- Cost Structure:

  – Each team funds the central DA group for work done on their project
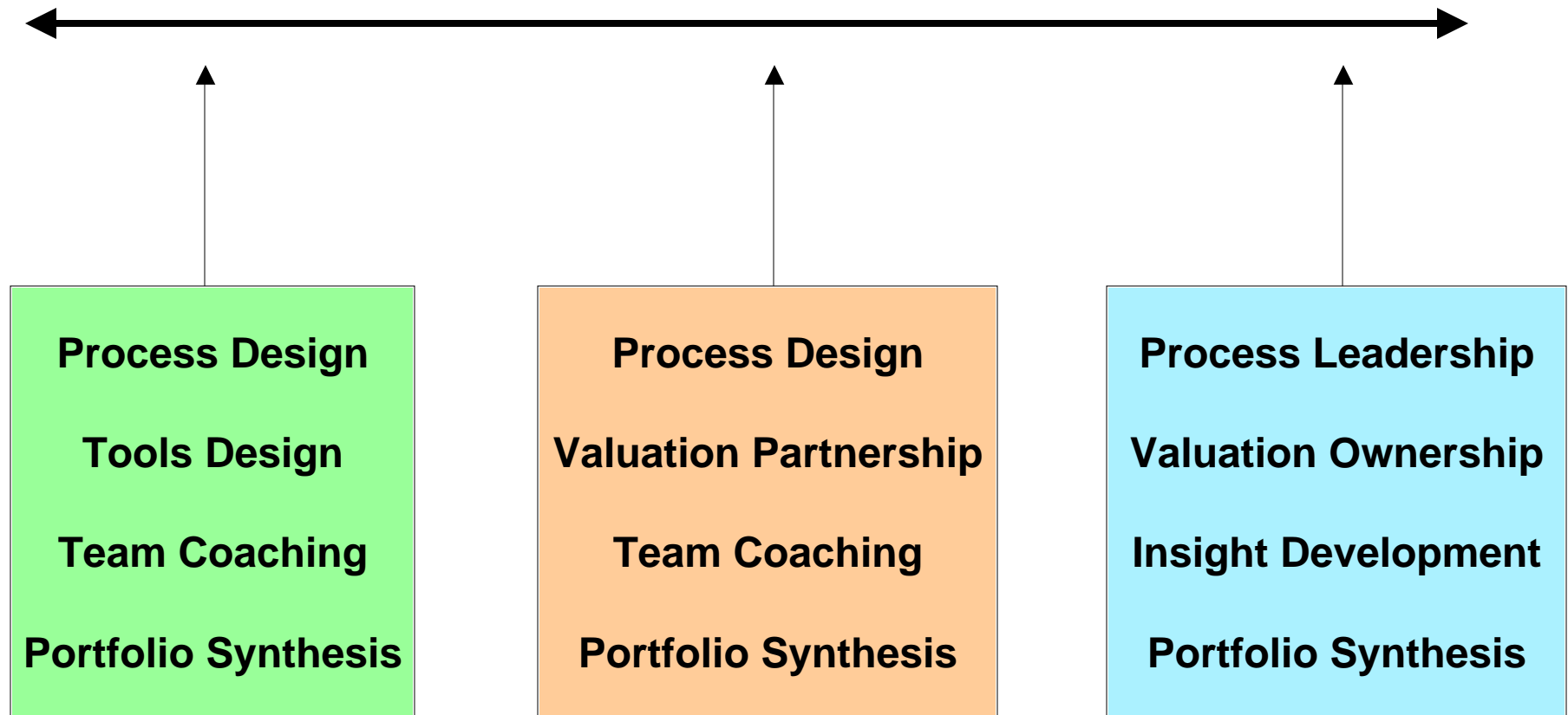
  – Corporate funding for any necessary work.

Many groups are somewhere in the middle.

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There are many possible roles for a DA group within an organization.

Trusted Advisors

Process Leaders

DA Group

Analysis and Process Designers

Analytic Support of Teams

Coaches in Analysis and Process

Interface Between Senior Management and Product Teams

The roles a group adopts will depend on the customer and the type of project.

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The spectrum of approaches to portfolio management support, for example, is quite broad.

Process Design	Process Design	Process Leadership
Tools Design	Valuation Partnership	Valuation Ownership
Team Coaching	Team Coaching	Insight Development
Portfolio Synthesis	Portfolio Synthesis	Portfolio Synthesis

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There are several sources of information to help determine the most effective role for the group.

Role on project teams:

- Are other support functions (market research, competitive intelligence) associated with particular functions or business units?

- Do these functions have team membership, or are they used as outsourced resources?

Role with senior management:

- Is there a need for a group to be the coordinator of senior management decision-making? If so, is there already a natural solution?

- Does senior management prefer to interact directly with teams?

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Depending on the organization, different modes of communication may be appropriate.

Passive Marketing	Active Marketing
• Word of mouth from satisfied customers • References and examples provided to potential new customers • Successful projects are noticed, and lead to further enquiries	• Road show presentations for product teams and functional groups on an annual basis or when a new product is introduced • Internal website featuring examples and testimonials

The group's leadership needs to communicate to all customers and suppliers.

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Every member of the group should be able to represent the group's offerings and role succinctly and clearly.

Who are we, and what can we do to help you?

- Experience: What projects have we completed? What were the results?
    - Success stories are very valuable, especially as case studies

- Offerings: What sort of work can we do?
    - Avoid technical terms
    - "For teams facing complex capital investment decisions, we can ..."

- References: What teams have we worked with? What sort of relationship do we have with senior management?

Each member of the group should have the group's "elevator story" ready.

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Analytical groups do not stand alone in any organization.

Decision analysis projects naturally require partnership with many different parts of the firm:

- Information is provided by many different groups

- Review processes involve multiple levels of management

- Implementation of decisions requires many different players

The decision analysis cycle encourages broad communication in the context of a specific decision.

Excellent decision processes should become a part of the ongoing work on the firm, minimizing additional work and disruption.

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Seek ways to integrate projects with other internal resources.

Is any of the information needed available through existing groups or processes?

- Previously completed primary and secondary market research

- Business plans, strategic plans, results of previous projects

- Competitive intelligence and business development groups

- Affiliated organizations, sales forces, local experts

Can we incorporate some of our information requests into existing requests?

- Basic valuation information through business planning cycle

- Portfolio review integrated with strategic planning cycle

Can the core team answer all the questions, or will they turn to others?

- Can we partner directly with these groups?

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A DA group should strive for continual learning.

Continuous improvement requires ongoing effort:

- Design a formal feedback process for all customers

- Set an annual group strategy review meeting

- On an annual basis, review tools and processes

Successful groups continually improve based on feedback:

- Document

- Incorporate

- Communicate

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For each new opportunity that you identify, ask yourself the following questions...

- Who are all the customers and stakeholders involved in this opportunity?
  - What do they want to get out of the project?
  - How can we ensure that each customer is served well, avoiding a lowest common denominator approach?

- What role can we best play to fill our customers' needs? How can we help them?

- How can we best describe this opportunity, and our role in addressing it, to the organization?

- How can we partner well with other groups and organizations to serve our customers? What resources, internally and externally, should we use to address this opportunity?

- How can we track our successes and failures to improve?

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Our observation is that these factors contribute to the growth of strong, diverse decision analysis groups.

Marketing Strategy
Resource Allocation
Asset Valuation
Acquisitions and Licensing
Portfolio Analysis
Product Strategy

We perform insight-driven evaluations of assets, both internal and external, to support short-term decision-making and long-term strategy setting.
We provide a view of the portfolio as a whole, supporting overall priority setting and resource allocation across all types of investment opportunities.

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