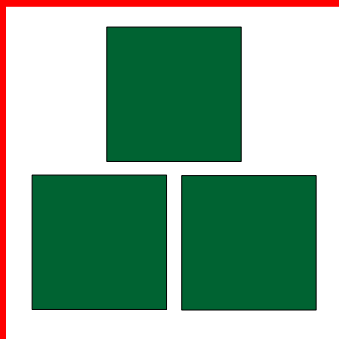


THE HI-SPOT REVIEW FOR QUICK ASSESSMENTS AND DIRECTION SETTING



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THE HI-SPOT REVIEW FOR QUICK SITUATION ASSESSMENTS AND DIRECTION SETTING

A Hi-Spot review is a "mini strategic planning" project, initiated on an unplanned basis, to determine a response to unanticipated events, ideas, or activities that impact strategy. The name means "high-level and focused" - derived from the phrase "high level strategic plan for opportunities and threats." The review is intended to be both diagnostic and prescriptive. The review consists of a quick situation assessment and a project definition that sets direction. The result determines the solution to a specific opportunity or threat that can be enacted immediately through one or more implementation projects.

An enterprise can initiate a Hi-Spot review project in response to events, ideas, and activities when immediate action is necessary. A Hi-Spot review is a mini strategic plan for opportunities and threats, and may result in new initiatives or enhancements and modifications to existing plans. It is conducted within the context of a current strategic plan. Hence, assumptions for values, guiding principles, mission, vision, and other strategic statements are upheld, unless there is a good reason for change.

Events, ideas, and activities...

In the ideal world, there would be ample time to develop well crafted strategic plans that address both long-term aspirations and short-term vision offensively. In the real world, pressures from unanticipated events and changes in competitive, economic, environmental, political, regulatory, social, and technological trends can have an adverse impact on strategy. As a consequence, prompt defensive repositioning, restructuring, or reengineering activities may be necessary to respond to current threats, and to enable future offensive opportunities. Workouts, turnarounds, and profit improvement programs may be necessary to provide more general longer-term solutions.

Breakthrough ideas can arise at any time from an entrepreneur who starts an enterprise, or from any individual within, whether an executive, an intrapreneur, or an employee-at-large. A breakthrough idea overcomes an obstacle and allows for more progress in a specialty area. A breakthrough idea provides a new source of opportunity or response to a threat. Ideas can arise in any activity including planning and policy setting in the board room, research and development in the laboratory, sales in the field, production in the plant, and performance measurement in an executive's office. Ideas can also arise from constituencies including employees through suggestion programs, and customers, suppliers, investors, regulators, competitors, and the community-at-large through listening posts. Ideas from constituencies have merit because they provide feedback to the management of the enterprise.

A review can be initiated at any time on an ad-hoc basis to determine the scope and impact of events and new ideas on research, development, sales, and production activities. In this context, the term "ad hoc" means that the review is focused on solving a specific problem. However, sometimes the term connotes an improvised solution without proper planning, which can often lead to more problems over time. Whereas a Hi-Spot review may address the consequences of improvisation, it should avoid creating such problems in the future.

Examples of activities that benefit from a Hi-Spot review include:

- Responding to new entrants in existing markets
- Responding to unexpected decreases in revenue or increases in costs and expenses
- Beginning a new business relationship, such as a merger or acquisition with a peer or competitor, or a venture with customer or supplier
- Implementing total quality management initiatives
- Implementing organizational design initiatives
- Outsourcing processes and functions
- Determining "mid-course corrections" to existing projects

These activities can lead to repositioning, restructuring, reengineering, workout, turnaround, and profit improvement programs as defined by a Hi-Spot review.

External events and breakthrough ideas can be quite disruptive to plans and programs that are already in place. However, plans are living documents. Ideas that merit further analysis can be examined in research and development activities, and implemented in sales and production. However, it may not be prudent to ignore the impact of ideas on strategy until the next planning cycle, especially if market share or profits are at risk.

Phasing...

Hi-Spot reviews are conducted in two phases - quick situation assessment and project definition. A project definition follows a quick situation assessment, but can be initiated in its own right for breakthrough ideas.

A quick situation assessment is often necessary because the enterprise has delayed taking remedial action and has reached a "pain point" that requires an immediate prescription. The delay can be as a consequence of fear to act or hope that conditions will improve. In addition to a follow on from a quick situation assessment, a project definition is necessary for breakthrough ideas that offer a sustainable advantage for which an immediate benefit can be realized. If responses to these ideas are not being addressed elsewhere in current plans and programs, then a project definition should be initiated.

The output from a Hi-Spot review is one or more well defined implementation projects. The rigor of the project management discipline should assure that results are realized during implementation, are focused, and are not improvised. Activities that are initiated in the implementation projects may be integrated with others in research, development, sales, and production over time.

Quick situation assessment...

The purpose of the quick situation assessment is determine a recommended solution and action plan to an immediate problem. It is best to employ a self-directed cross-functional team with a facilitator. The facilitator suggests problem solving approaches; however, the team finalizes them based upon their background and experience. The facilitator provides mentoring and coaching throughout the review.

Elements of a 10 step group problem solving approach include:

1. Summarizing the current situation and determining what complicates it
2. Framing the problem with facts and supporting evidence, and investigating the causes and effects
3. Developing alternative solution hypotheses - testable statements with predictions, projections, and forecasts
4. Developing the approach to the situation and gap analysis
5. Gathering the data
6. Structuring the results
7. Proving or disproving the solution hypotheses
8. Formulating the best solution based upon findings and conclusions
9. Developing alternative courses of action to implement the best solution
10. Presenting the best recommended solution and action plan

In performing the situation and gap analysis, topics to address include:

- External - competitive, economic, environmental, political, regulatory, social, and technological trends
- Internal - strengths, weaknesses, opportunities, and threats
- Gaps - where the enterprise is and where it needs to be with respect to its constituencies: employees, customers, suppliers, investors, regulators, competitors, and the community-at-large

Since the situation and gap analysis is performed within the context of the existing strategic plan, other elements of strategy formulation are not addressed unless there is a good reason to do so.

A funnel approach should be used to drill down from the general landscape to specific issues and to prioritize them accordingly. The funnel approach starts with first asking open-ended questions to principals and constituencies, and then as the problem is identified, using specific questions to narrow the scope of the analysis. The approach includes employing the nominal group problem solving technique, triaging the problem and solutions, and applying the Pareto principle to prioritize ideas, issues, options, and recommendations.

The nominal group technique is a method of building consensus in face-to-face meetings with each member participating equally as follows:

- Allowing participants the opportunity to write their ideas on paper
- Allowing each participant to read their ideas to the team, which are then recorded on charts
- Enabling the leader to discuss each idea when all have been recorded, and to clarify open points
- Enabling the participants to vote for three to five ideas that have been recorded on the charts
- Prioritizing the list of ideas according to the votes
- Reviewing and summarizing the priorities collectively by the team

Triage is a technique used by healthcare service providers to prioritize procedures on patients based upon severity of condition. The technique can be applied by enterprises for problems and solutions associated with processes, functions, products and/or services, markets, and constituencies, and involves assigning three levels of priority:

- Highest priority - most critical or highest probability of return
- Medium priority - next most critical or medium probability of return
- Low priority - least critical or lowest probability of return

The percentage weightings may vary according to circumstances, but a common starting point is "20-70-10" from highest to lowest.

The Pareto Principle is also known as the "80/20" rule - 80 percent of the effects come from 20 percent of the causes. It provides a useful mindset for making tough decisions and setting priorities.

The drill down can be conducted within the context of the framework for building sustainable advantage. The framework for building sustainable advantage is a fundamental tool for establishing the mindset and actions required to transform vision into value on an ongoing basis within an environment of change - either by causing it or responding to it.

Building sustainable advantage requires:

- Establishing the governance disciplines of stewardship, strategy, and structure required to form a vision based upon innovative ideas, to enact change, and to deliver value through...
- ...the capabilities of people, processes and functions, and products and/or services to take advantage of opportunities in the marketplace...
- ...and the effective utilization of natural, human, intellectual, and financial capital resources to provide a strong foundation for all activities

If necessary, further due diligence may be necessary that examines the current position and relationships of the enterprise before the recommended solution can be enacted. If detailed implementation plans are required, the action plan can be expanded in a project definition.

The key success factor in a quick situation assessment is to establish a facilitated process that encourages involvement, but is not bureaucratic.

Project definition...

The purpose of a project definition is to set direction for implementation in terms of scope, objectives, deliverables, resources, and schedule with both short and long-term components as necessary. Some short-term activities may be expendable in the long-term, but are required in order to realize benefits quickly.

A project definition is a follow-on to a quick situation assessment to develop detailed implementation plans. It can also be initiated in its own right for a breakthrough idea. A project manager is either appointed or emerges, and is supported by a cross-functional team. Some team members assigned to the quick situation assessment may continue through the project definition, and others with implementation experience may be added.

The project definition develops plans in sufficient detail so that downstream research and development activities, including analysis, design, construction, implementation, enhancement, and maintenance can be conducted. These activities may have to be prioritized against existing ones. If necessary, the scope, objectives, deliverables, resources, and schedule of existing projects may have to be adjusted. However, caution is warranted to ensure that the latest project does not get the highest priority unnecessarily at the expense of other projects.

The output of a project definition, which embellishes the output from a quick situation assessment if there was one, includes:

- Understanding the problem (situation, complication, problem statement, solution description)
- Scope and objectives
- Approach
- Deliverables including a plan for the next phase of work
- Work plan (work breakdown structure, resource requirements, schedule)
- Governance (project manager, steering committee, standards for performance and measurement)
- Next steps

Once the decision has been made to go ahead, one or more implementation projects are executed with an emphasis on getting results quickly.

Key success factor...

It is important that the follow-on activities from the project definition be monitored with milestones and progress reporting. It is easy to lose control of such activities if they are not properly monitored, especially if new opportunities and threats subsequently arise.

Therefore, enterpriship (entrepreneurship, leadership, management) competencies are necessary to assure success.

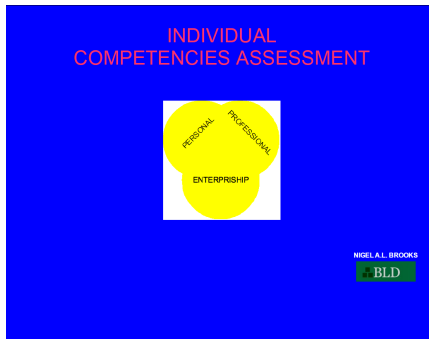
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About Nigel A.L Brooks...

Nigel A.L Brooks is a management consultant to entrepreneurs, business enterprise owners, executives, and managers, and the enterprises they serve. He specializes in developing the entrepreneurial, leadership, and managerial competencies that build sustainable advantage from vision to value. He is an author and a frequent speaker.

He obtained his professional experience as a partner at Andersen Consulting (now Accenture, Ltd.), as a vice president at Booz Allen Hamilton, Inc. (now Booz and Company), as a senior vice president at the American Express Company, as president of Javazona Cafés, Inc., and as president of The Business Leadership Development Corporation. He has been a contributing editor for the Bank Administration Institute magazine, and has served on boards of entrepreneurial networks. He was educated at the University of Exeter, Devon, United Kingdom.

His clients are in the financial services, food services, high-tech, manufacturing and distribution, pharmaceuticals, oil and gas, professional services, retail and wholesale, transportation, and government industries.

He has experience in North and Latin America, Europe and Asia-Pacific.

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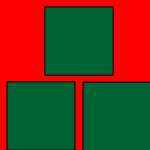
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The Business Leadership Development Corporation is a professional services firm that works with entrepreneurs, lifestyle business enterprise owners, executives, and managers, and the enterprises they serve.

BLD develops entrepreneurial, leadership, and managerial competencies that achieve performance excellence by *building sustainable advantage from vision to value*[™] through:

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