



Dynamically Managing Organizational Performance

Organizational Performance Management (OPM) refers to how businesses (or government agencies) leverage resources to achieve their goals. OPM methods work by (1) measuring your organization's performance against relevant metrics; (2) diagnosing shortcomings and setting new targets; (3) developing plans to improve performance; and (4) executing those plans.

The front-end phases of OPM are well understood, and supported by diverse metrics for assessing financial performance, operations, work outputs, core business processes and competencies.¹ The real challenges in OPM arise in the back-end steps of developing and implementing plans.

Our *Dynamic Performance Management (DPM)* solutions help you design and test plans for improving organizational performance. DPM validates your plan, or uncovers gaps and unintended consequences early, when they can be avoided or mitigated at minimal cost and risk. DPM also monitors plans while you execute them, identifying emerging problems quickly, so that you can make mid-course corrections to ensure success.

OPM Problem 1: Developing Effective Improvement Plans

Effective planning presupposes what the photographer Ansel Adams called "previsualization." He taught that it is not sufficient to envision the image you want to create; you must also understand your tools for creating the result and how they work. Adams understood what each of his tools – his cameras, lenses, film, enlarger, and developing chemicals could and couldn't do, and how they contributed to or detracted from the photographic prints he sought.

Similarly, improving business performance hinges on understanding *how* to achieve desired goal states: what management actions and investments improve which performance metrics; by how much; over what time spans; at what cost; and how their impacts interact with one another?

To create the images he conceived, Adams relied on his superb technique, which derived from his considerable experience taking and developing pictures. He experimented continually, discarding negatives and prints that failed to achieve his intended results.

Unfortunately, businesses don't have the luxury of discarding OPM failures, and yet they must experiment to succeed: as hockey star Wayne Gretzky noted, you miss 100% of the shots you don't take.

Solution: Make OPM Planning Experimental

DecisionPath helps you experiment safely with performance improvement plans, much as Adams pre-visualized his images: our DPM solutions *animate* your OPM plans, making them interactive and executable. Innovative "what-if" simulations project the likely outcomes of your plans, enabling you to develop the experience, instinct, and intuitions you need to succeed.

Images turn out poorly for many reasons: we frame them poorly; scenes are over or under-lit; we fail to understand how three-dimensional scenes map into flat pictures, and so on. OPM plans fail for similar reasons: it is easy to overlook metrics; allocate scarce assets too liberally to some problems and too sparsely to others; and to anticipate how hard it will be and how long it will take for particular actions or investments to change processes, culture, or market perceptions.

DPM simulations *test* your OPM plans by applying your assumptions about costs, schedules, and activity impacts to project performance outcomes. Management theory and economics provide inadequate guidance on the "physics" of OPM activities. So DPM employs scenario planning methods to assess *alternative* assumptions about deployment schedules, costs, and likely impacts of OPM initiatives. You can also explore how environmental influences might play out. Finally, you can compare simulated outcomes of *competing* plans to identify relative strengths and weaknesses, and synthesize their best elements into your chosen strategy.

You can leverage the insights learned from DPM's model-simulate-analyze process to refine your OPM plans, attending to metrics you originally missed, balancing resource allocations, tuning schedules, and avoiding or mitigating unintended negative consequences. In short, DPM enables you to *practice* your OPM plans and improve safely, just like Adams practiced photography. Arie de Geus, a leading scenario planner, calls this "learning by doing."

OPM Problem 2: Things Change...

After orchestrating the massive Normandy invasion in World War II, Dwight Eisenhower observed

¹ Sources for these metrics include generally accepting accounting principles (GARP), operations research, statistical quality control, and capability maturity models.



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that plans are worthless, planning is everything. Plans become obsolete as soon as “boots hit the ground.” Eisenhower realized that the true value of planning derives from gaining knowledge from the *process* of analyzing problems and potential solutions and leveraging that knowledge to *adapt* plans to reflect changing circumstances.

Conventional OPM plans are inherently static, while businesses and markets are anything but stationary: situational forces, trends, and events continually modify the landscape, and customers, competitors, and employees detect these changes and adapt their behaviors. Even if your planning assumptions are accurate at the point of decision, they are soon invalidated by these situational dynamics, all too often derailing the OPM plans upon which they were built.

Solution: Make OPM Planning Dynamic AND Continual

DecisionPath builds on Eisenhower’s insight: you can apply the DPM method to help execute OPM plans post-adoption. First, update your original test scenarios to reflect OPM plan results to date and current business conditions. Next, re-project performance outcomes into the future. This process uncovers emerging deviations from plan promptly.

Once alerted to imminent problems, you can apply DPM to diagnose their causes and make mid-course corrections to ensure continued success. In this mode, DPM acts as an Early Warning System, protecting you against the inevitable post-decision contingencies. DPM’s capability to test your OPM plans on demand across their entire duration, leverage current information, and adjust accordingly dramatically increases your chances of success.

Model Quickly and Easily with Pre-Defined Building Blocks

DecisionPath DPM solutions provide libraries of pre-defined components for building OPM scenarios and plans quickly. You can populate these templates to:

- Describe your organization and estimate its current and target performance levels
- Improvement plans, broken down by individual initiatives, projected costs, schedules, and estimated impacts on relevant performance metrics
- Environmental forces, trends, and possible events that are likely to impact your plans as you work to implement them

DPM solutions also provide powerful analytics to help you quickly analyze and compare simulated plan outcomes, through concise summary reports and graphic plots, including time series, bar and radar charts. DecisionPath works with partners to deliver DPM solutions as a consulting service or teach you how to apply our methods and tools.

DecisionPath's DPM Solutions

Our initial DPM solution, called CALM helps organizations test, validate and refine plans to minimize performance disruptions caused by transformational changes such as downsizing, mergers, or adoption of new enterprise software. Our partner Dr. David Koehn, a leading change management expert, defined CALM’s metrics for measuring readiness to change along three dimensions: socio-cultural, workforce psychology, and business “infrastructure”. Together, we facilitate workshops with leadership teams to estimate your current readiness states; envision goal states; scan business environments; design plans to enable change; and test, validate, and refine those plans with CALM’s simulation and analytic software.

DecisionPath is working with partners to apply DPM for several agencies in the Department of Homeland Security. DPM solutions analyze the performance of portfolios of counter-terrorism security measures to protect maritime, aviation, and highway transportation infrastructure networks. We are also working with business clients to develop DPM solutions that leverage capability maturity models to improve data governance and cyber-security performance.

Bottom line:

DecisionPath’s DPM solutions enable you to test, validate, refine, monitor, and adjust your OPM strategies across their entire lifecycles. Our dynamic, software-enabled methods lead to reduced risk, increased confidence and consistency, and continuous improvement in your ability to manage organizational performance as a core competency

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