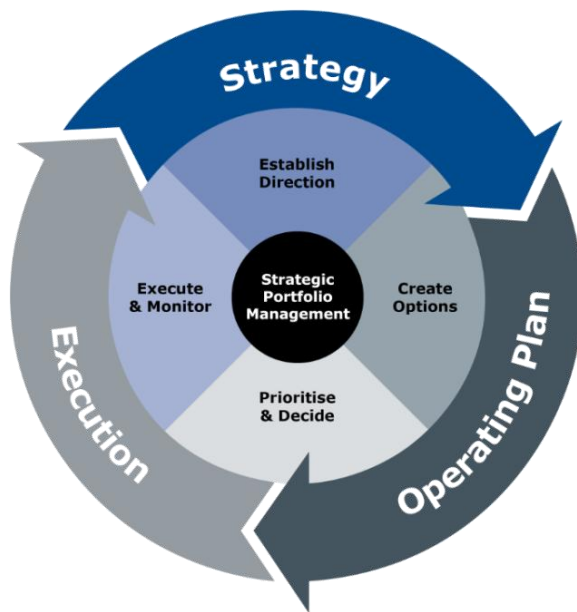


Catalyze Strategic Portfolio Management Process Overview



The Catalyze Approach

Catalyze has developed an approach to Strategic Portfolio Management based on structured processes underpinned by Decision Science, and enabled where appropriate by software tools. It has been applied and embedded successfully in both public and private sector organisations.

The process is based on the typical strategic cycle adopted in many businesses. The key difference is the integrated and data-driven approach which ensures coherence and alignment throughout the whole cycle, and provides senior management with visibility and control over their strategy and operations.

1. Establish Direction

The initial step of the cycle is agreeing the vision and mission: what is the portfolio trying to achieve? This is then translated into a set of strategic objectives and scenarios that are used in the evaluation of individual strategic initiatives and creation of the strategic plan.

During this discovery phase, market data and intelligence is used to objectively compare and contrast each market segment, and agree the strategic direction and intent of each. For example, a commercial organisation will be looking to compare market data to understand the attractiveness of each market and their competitive strength within them. This then helps to inform in which markets they should look to drive share gain, maintain or divest.

2. Create Options

Having established the direction and purpose of the portfolio, options for delivering this aspiration are developed and documented.

The nature of the options and those responsible for creating them will depend on the organisation and portfolio. Options are developed that represent true strategic choices to which the organisation can apply resources to deliver strategic outcomes. In a commercial setting these might include initiatives to penetrate a new region, enter an adjacent market, develop a new product line or expand an existing one. Some options may be cross-cutting, impacting multiple products and markets; others might focus on operational excellence.

Where appropriate, the team is encouraged to be creative and think expansively to explore alternative strategic options for the different market segments, services, lines of business and departments.

Existing activities are included to allow the current strategic plan to be challenged and revised through the planning cycle. This enables senior management to make clear, value-based decisions about how resources are applied to new and existing activities.

3. Prioritise & Decide

Strategy planning boils down to gathering data and information about potential strategic options, and then deciding which ones to implement and, perhaps more importantly, which ones to stop or not start.

The options are assessed against the strategic objectives (financial and non-financial), to understand the relative value each of the options delivers to the organisation. This information is combined with resource requirements to allow the options to be prioritised. Portfolio analytics and models are employed to provide the appropriate management information to senior management and help guide their decisions.

By testing the initiatives against different scenarios, senior management selects an affordable, coherent portfolio that strikes a balance between short and long term objectives, risks and costs. This portfolio forms the strategic plan. Some initiatives may be shown to be unaffordable. Existing initiatives may be cancelled or paused and new ones may be left on the drawing board. Salami-slicing is avoided to ensure the selected options are given every chance of succeeding.

Care is taken to ensure that the decision making processes employed are robust and transparent. Analytics and decision modelling techniques are employed to provide rigour. Workshops draw on the collective wisdom of the organization and provide consistency across businesses.

4. Execute & Monitor

All too often, a compelling strategic plan is developed and then the organisation reverts to fire-fighting the day-to-day events and crises of the business. The initiatives need to be managed as a project portfolio, and senior management needs to take responsibility for periodically reviewing the plan and adjusting it in response to new intelligence, data and opportunities.

Requisite measures and targets, dashboards and analytics are agreed for both the overall plan and individual projects. Senior management meet periodically to review progress against the plan, review priorities in light of new data and information and evaluate new opportunities against the portfolio. Course corrections are made to ensure the organisation is maintaining the correct balance and getting the most from its resources.

Strategic planning is not a one-off activity; initiatives will be completed, others may falter, new opportunities will emerge and markets will change. The strategic direction and strategic plan is reviewed annually to ensure the organisation remains on course to succeed.

Strategic Portfolio Management enables senior management to create, define and manage the portfolio of strategic options that best delivers the organisation's vision, balancing short and long term objectives, risks and costs

About Catalyze

At Catalyze we help organisations create and execute decision-making processes which focus on the best possible outcome; engaging people, breaking down barriers, creating understanding of different perspectives, and making best use of resources.

Catalyze was founded in 2001 in conjunction with the London School of Economics and Political Science, applying techniques built on robust and validated decision theory. We support global clients from offices in the UK, USA and New Zealand.

www.catalyze.co.uk