

**Initial report on the results of both  
the questionnaire study and  
6-month skills-development program  
on Strategic Conversation**

**Individual organisational and participant reports will follow**

**Those reports are specific to one organisation or one participant.**

**Prepared by Ian Johnson - Project Researcher  
Jan 2004**

*More information on Strategic Conversation is available on [www.strategic-conversation.com.au](http://www.strategic-conversation.com.au)*

**Contents**

|   |    |
|---|----|
| Research Summary - Strategic Conversation .....                                       | 2  |
| Strategic Conversation Project - Naming the measurements.....                         | 3  |
| Strategic conversation - words used in this report - and their descriptions .....     | 3  |
| Organisation.....   | 3  |
| Strategic Behaviour.....  | 4  |
| Organisational performance.....   | 4  |
| Summing it up.....  | 4  |
| Connecting it up.....   | 4  |
| How to read the information on the next 7 pages. ....                                 | 5  |
| Etiquette:.....   | 6  |
| Trigger: .....  | 7  |
| Diversity:.....   | 8  |
| Planning: .....   | 9  |
| Risk: .....   | 10 |
| Preconditions: .....  | 11 |
| Alignment: .....  | 12 |
| Correlation Table .....   | 13 |
| What to do with this information.....   | 14 |
| 6-month SC skills-development program .....   | 14 |
| Feedback from participants of 6-month skills-development research program in S.C..... | 15 |
| Summary .....   | 16 |

## Research Summary - Strategic Conversation

Beginning late 2003, hundreds of organisations in Brisbane (Australia) were approached and invited to participate in research being conducted by me as a researcher of the School of Psychology, Griffith University. More than three dozen were able to accept and in mid 2004 about 500 questionnaires were distributed and 388 were completed and returned. Due to the anonymity provisions of the project, 79 questionnaires were returned that did not identify the organisation, while 301 questionnaires identified 15 organisations. Of the 15 identified organisations, eight organisations were named by 9 or more people and can therefore qualify for a corporate-level report. The organisations that were not identified by their members, and those with fewer than 9 linked questionnaires, may wish to arrange a full survey. The following report is based on the full 388 replies. The quality of data was excellent with a very high level of consistency - the stories were the same from everywhere. Only 15 questionnaires were excluded because the replies did not make sense.

In accordance with anonymity guarantees at the time of the invitation, no individual or organisations can be identified from this or any other report, even if individual or organisation was named on the questionnaire. The known organisations are being contacted with regard to their organisational report, and members who supplied e-mail contact will receive their personal report. This summary report is distributed to each organisation that accepted the invitation to participate and then accepted questionnaires for distribution.

This report, or ones similar, will soon appear in journals, newspapers, web-sites and so on. The findings that are still emerging from this research will interest the majority of people trying to improve organisational performance. The initial interest by CEO's, HR folks, leaders, executives, managers, practitioners, coaches and others has already prompted invitations to speak at conferences, meetings, workshops etc. In other words, you are one of the first to have access to this new knowledge - you have an edge, but it will become public very soon. You can act on this report yourself, and design and implement a program with help from information that will continue to be added to [www.strategic-conversation.com.au](http://www.strategic-conversation.com.au) for some time.

This report also includes brief details of the 6-month study that tested ways to learn strategic conversation. During that study, a skills-development program was tested and has since been refined into a series of component packages. It means that in future, interested organisations can elect to learn SC and 'test' the gains to the organisation of each step before moving to the next step. Ideally, each step not only shows enough return to justify having done it, but also justifies and prepares for the next.

If you believe that your organisation may benefit from improved strategic conversations, you can arrange for a full survey, analysis, and report. The skills-development program is a stand-alone and optional series of modules. Organisations may duplicate the program (it's freely available) and develop the content in-house, or arrange content delivery through Deltapoint Pty Ltd.

The following report describes the measurements that were taken during the research, the important relationships that were found, and what we discovered about how to learn SC.

# Strategic Conversation Project - Naming the measurements

## Strategic conversation - words used in this report - and their descriptions

**Strconv:** We found that Strategic Conversion (SC) requires that BOTH **purpose** and **topic** (described below) meet their criteria (not just one of them). Briefly, SC is conversation that is strategic - it is **not** waffle, social, administrative, compliance, operational, or anything else. For effective strategic conversation, first - our conversation skills must be adequate - and we're not as clever at that as we like to think. Once we have adequate conversation skills, we then need to make it strategic? It must have strategic topic and purpose.

**Topic:** The topic of a strategic conversation will always belong within one or more compartments of the organisations strategic loop. This normally means that the conversation must be about one of the following: information gathering, planning, implementing, measuring, reviewing, or risk analysis/management etc. It must also follow the correct sequence within that loop and omit no prior step. Eg you must gather information before making decisions, must make decisions before implementing etc. Also, the subsequent steps must be guaranteed to happen because it's useless making decisions about a topic if nothing ever happens with those decisions. There needs to be a 'topic life' that can be plotted from concept through every stage to review of results.

**Purpose:** The purpose of a strategic conversation will always be to deal with the **purpose** of the organisation, **and** also about the setting, achieving, or removing one or more **goals** of the organisation. If the conversation does not have a deliberate and definite link to purpose/goals, then it is not strategic. Every topic at every meeting should survive the question - "What's the connection between this and our purpose, and which goal does it serve?"

## Organisation

**Orgnsatn:** We found that each organisation's members think of their organisation in terms of its systems (hard things) and people (soft things), and they can be assessed and scored. We named these 'Orgsys' and 'People' respectively, and they interact with each other (people use systems and systems use people) and they interact with external systems and people to contribute to organisational performance .

**Orgsys:** This refers to the organisations systems, processes, policies, procedures, hard assets - the things about the organisation that remain even when everyone goes home.

**People:** This refers to the attributes that people bring to the organisation such as interpersonal skills, commitment, learning / development, motivation, knowledge, abilities and skills.

Orgsys and People were found to combine in various ways to form behaviours we call Etiquette, Trigger, Diversity, Planning, Risk, Preconditions and Alignment to bring about Strategic Behaviour that in turn contributes heavily to the effectiveness and efficiency of organisational performance. All these behaviours will be explained on the next pages along with what we found out about how they work together and how that knowledge can be put to work. ("Preconditions" is not so much a behaviour as it is a description of the context / situation / climate / culture of the organisation)

## Strategic Behaviour

**Strbeh:** Refers to behaviour (action) that is strategic rather than operational, compliance, social, administrative etc. Usually conversation will result in decisions about what to do and how to do, and then cause actions to happen. How much of an organisation's behaviour is strategic? How much strategic behaviour should there be? It all depends upon what it takes to achieve the purpose and goals, and this has been able to be measured and monitored in order to improve. There have been undisputed positive connections reported between strategic behaviour and organisational outcomes - the more StrBeh, the better the organisation's performance.

## Organisational performance

**Perform:** Is the name given to the combination of pcurrent and pimprove - the total performance .

**Pcurrent:** This is performance in terms of here and now and the immediate past. It includes internal assessment, and estimation of opinions of external stakeholders (finance, productivity and efficiency) in comparison to our competition and/or benchmarks.

**Pimprove:** This refers to improvements in all aspects of performance over the past period of time. It's about how Pcurrent is improving.

## Summing it up

Data from any organisation can be separated in many different ways to indicate what the organisation is doing, and The SC project did that. This project collected specific data that were considered by panels of strategic experts to give the best evidence about conditions and behaviours of paramount importance in getting, maintaining, and using strategic conversation. These were expected to show strong and important links between SC and organisational performance. The panels members were right - the links they predicted were found, and are indeed important.

## Connecting it up

Thanks to this research it is now also possible to measure and test in an organisation the conversation that drives the strategic behaviour. This makes assessing the current strategic behaviour so much simpler, and therefore easier to monitor efforts to improve, without having to wait for annual reports. Incredibly, you will see from the data of the research that SC is even more important than merely driving strategic behaviour - it has an additional and direct link with performance. We hadn't expected this, but it made sense when we found it.

What this means is that when you increase SC, you impact performance via two paths - indirect through strategic behaviour, and direct. To understand the direct link, remember that conversation is two-way, and therefore involve strategic communication between organisational members and external members - better communication inwards, outwards, and interactive.

## How to read the information on the next 7 pages.

If you are into statistics and charts, a glance at the "Statistics Table" may do the job for you. If you're one of the 99.9999% of people who hate 93.07% of statistics you see, there's a 87.65% chance with 97.5% certainty that you'll learn 87% more from the words than the statistician will from the charts. This page explains how to make sense of it all - in the shortest time.

### Sample Table

| Org   |     | Etiquette |        |      |        |
|-------|-----|-----------|--------|------|--------|
| Code  | N   | Score     | % off  | Sdev | % off  |
| 16    | 74  | 3.01      | -0.37  | 0.63 | 15.20  |
| 13    | 70  | 2.76      | -8.65  | 0.60 | 9.71   |
| 12    | 65  | 2.79      | -7.65  | 0.76 | 38.97  |
| 1     | 35  | 2.93      | -3.02  | 0.56 | 2.40   |
| 7     | 20  | 3.01      | -0.37  | 0.43 | -21.37 |
| 5     | 16  | 2.90      | -4.01  | 0.61 | 11.54  |
| 10    | 16  | 2.91      | -3.68  | 0.60 | 9.71   |
| 11    | 9   | 2.89      | -4.34  | 0.92 | 68.23  |
| 8     | 8   | 3.26      | 7.90   | 0.63 | 15.20  |
| 2     | 7   | 3.20      | 5.92   | 0.23 | -57.94 |
| 3     | 6   | 3.38      | 11.87  | 0.56 | 2.40   |
| 14    | 6   | 2.84      | -6.00  | 0.57 | 4.23   |
| 15    | 6   | 2.87      | -5.01  | 0.46 | -15.89 |
| 9     | 5   | 2.63      | -12.95 | 0.18 | -67.09 |
| 4     | 3   | 3.37      | 11.54  | 0.70 | 28.00  |
| 6     | 3   | 3.59      | 18.82  | 0.31 | -43.31 |
| Total | 346 | Average:  | 3.02   | 0.55 |        |

### The organisations studied

The data come from 15 known organisations. Code 16 represents data from questionnaires where the respondent elected to not identify the organisation. (No 16 is not one organisation, but many.)

Eight organisations are contained within a border. These are the ones with good number of contributions. Organisations where 7 or fewer questionnaires were linked means that the data may come from too narrow a part of the organisation and be an unreliable indicator of the truth.

In future as the questionnaire gets more exposure and more data are collected, charts can be collated per industry.

### How to read the chart

- ◆ **Org Code** identifies different organisations.
- ◆ **N** is the number of questionnaires that linked to that organisation. Big is good
- ◆ **Score** is the figure from 1 to 5 that the members gave. Ideally this should be high as it represents sensitivity to strategically important news. Big is good
- ◆ **% off** is the distance in % of the score from the average of all scores. Ideally, this should be positive, and high. It represents superior strategic alertness compared to others. Positive is good - high positive is better.
- ◆ **Sdev** is the difference of opinion within the organisation. The larger it is, the more diverse the opinion, and thus indicates poor awareness and/or agreement of the organisations ability to seek and respond to strategically relevant news/events/opportunities/ideas. Small is good.
- ◆ **% off** is the distance in % of the Sdev from the average of all Sdev. It is not enough to be average. Negative indicates better than average communication, alignment, awareness, agreement, and probably climate. Negative is good - very negative is great.

This summary report describes each function that was expected, and found, and gives a chart to show the scores and makes some comments. Under the heading *What we found:* is a formal comment on the scores and analysis of the data. The heading *What this may mean:* gives food for thought to help you develop your own ideas about how to use the information. (This is where the opportunities reside)

**Note:** This is a report on the data collected. It is not a creation of the researcher.

*Please don't shoot the messenger!*

## Etiquette:

This measures the tendency of people in organisations to help self and others 'keep face' and retain a sense of decency of conduct, especially in meetings, and especially where there is stress and vigorous debate. It's a combination of rules of conduct, climate and culture, and keeps control of behaviour between people in a polite society. It is needed because diverse opinion is important, and diverse opinion is far more likely if the etiquette provides safety for conversation participants, and an atmosphere that encourages involvement. The higher the organisational stress, the greater the need for etiquette. Skills, knowledge, and etiquette combine to enhance the likelihood of positive results.

### What we found:

- The etiquette score overall was just average. In other words, most people did not agree that etiquette was good in their organisation. Almost no one said it was **very** good. (Nor did many say it was bad)
- Etiquette had very low direct connection with performance.
- The correlation table suggests that etiquette is important to:
  - the working of triggers,
  - the existence of preconditions, and
  - the effectiveness of diversity.

### What this may mean:

An average score across many organisations doesn't seem exciting. Surely it should be at least above neutral - preferably good! Bearing in mind that 'preconditions' were found essential to change, and that etiquette is a major contributor to preconditions, then increased attention should be placed here. It doesn't mean going soft, but it does suggest establishing 'safe' communication channels - everywhere. Don't expect etiquette to improve performance. It will, however, be needed by triggers and preconditions. In other words, **etiquette needs attention early in a change program** - it indicates the culture of the organisation, and absence of it will probably adversely impact "Trust".

| Org Code | N   | Etiquette |        |      |        |
|----------|-----|-----------|--------|------|--------|
|          |     | Score     | % off  | Sdev | % off  |
| 16       | 74  | 3.01      | -0.37  | 0.63 | 15.20  |
| 13       | 70  | 2.76      | -8.65  | 0.60 | 9.71   |
| 12       | 65  | 2.79      | -7.65  | 0.76 | 38.97  |
| 1        | 35  | 2.93      | -3.02  | 0.56 | 2.40   |
| 7        | 20  | 3.01      | -0.37  | 0.43 | -21.37 |
| 5        | 16  | 2.90      | -4.01  | 0.61 | 11.54  |
| 10       | 16  | 2.91      | -3.68  | 0.60 | 9.71   |
| 11       | 9   | 2.89      | -4.34  | 0.92 | 68.23  |
| 8        | 8   | 3.26      | 7.90   | 0.63 | 15.20  |
| 2        | 7   | 3.20      | 5.92   | 0.23 | -57.94 |
| 3        | 6   | 3.38      | 11.87  | 0.56 | 2.40   |
| 14       | 6   | 2.84      | -6.00  | 0.57 | 4.23   |
| 15       | 6   | 2.87      | -5.01  | 0.46 | -15.89 |
| 9        | 5   | 2.63      | -12.95 | 0.18 | -67.09 |
| 4        | 3   | 3.37      | 11.54  | 0.70 | 28.00  |
| 6        | 3   | 3.59      | 18.82  | 0.31 | -43.31 |
| Total    | 346 | Average:  | 3.02   | 0.55 |        |

## Trigger:

There can be various events, alarms, times that specifically trigger strategic conversation. Ideally the triggers are sensitive to all levels and sources of information - internal and external. A trigger is only effective if it automatically causes something to happen. Very few organisations have a systematic approach to setting, monitoring, and responding to triggers.

In some organisations, the only programmed response to a trigger is building evacuation in case of a fire. Triggers give early warning of problems or opportunities. Triggers and response plans mean that managers and executives may sleep at night - on holiday - even in a volatile industry. The existence of automatic triggers implies the use of a sophisticated systems approach to strategic management, and therefore of advanced management practices.

What we found: The average of 2.95 in the table suggests that the nature of triggers is poorly understood. This is supported by comments of those 70-odd organisations that started the 'skills acquisition' research. During the course of the program, when asked to describe strategic triggers, there was very little actual evidence of triggers in use. The trigger scores show that 'trigger' needs preconditions to be place, and it is strongly connected with the risk score such that the two overlap to a large extent. Finally, trigger will have a strong influence on planning if trigger is present.

What this may mean: It seems that there is a need to develop and better understand the organisation's strategic loop, starting with strategic selection of input from information scanning (too little, too much, irrelevant?) and going through all following stages of a strategic loop.

**(what's a strategic loop?)** There was little evidence in either the questionnaire responses or by participants of the 6-month study, of an understanding of the strategic loop. The longitudinal study group spent some time on examining and discussing that topic, and many final comments related to the usefulness of, and intention of exploiting, the strategic loop.

| Org Code | N   | Trigger  |        |      |        |
|----------|-----|----------|--------|------|--------|
|          |     | Score    | % off  | Sdev | % off  |
| 16       | 74  | 3.13     | 6.17   | 0.65 | 9.24   |
| 13       | 70  | 2.61     | -11.47 | 0.48 | -19.33 |
| 12       | 65  | 2.91     | -1.29  | 0.61 | 2.52   |
| 1        | 35  | 2.76     | -6.38  | 0.56 | -5.88  |
| 7        | 20  | 3.18     | 7.87   | 0.54 | -9.24  |
| 5        | 16  | 2.79     | -5.36  | 0.70 | 17.65  |
| 10       | 16  | 2.85     | -3.33  | 0.64 | 7.56   |
| 11       | 9   | 3.05     | 3.46   | 0.64 | 7.56   |
| 8        | 8   | 3.36     | 13.97  | 0.69 | 15.97  |
| 2        | 7   | 2.93     | -0.61  | 0.59 | -0.84  |
| 3        | 6   | 3.19     | 8.20   | 0.59 | -0.84  |
| 14       | 6   | 2.65     | -10.11 | 0.56 | -5.88  |
| 15       | 6   | 2.68     | -9.09  | 0.52 | -12.61 |
| 9        | 5   | 2.28     | -22.66 | 0.23 | -61.34 |
| 4        | 3   | 3.30     | 11.94  | 0.83 | 39.50  |
| 6        | 3   | 3.34     | 13.29  | 0.53 | -10.92 |
| Total    | 346 | Average: | 2.95   | 0.60 |        |

## Diversity:

Does the organisation invite a variety of people from within and external to participate in serious strategic conversations? The diversity here refers to the constant and habitual access to diverse opinion as part of information gathering and decision processing (not decision-making - just processing). It's a very important part of the formula for 'vigilant decisions'. Incidentally, on the skills-acquisition program, a large amount of time was spent on decision processes, and without exception each group voted to extend that portion by one session. In retrospect we probably should have tried to measure decision processes, but the expert panels didn't mention the topic so it was ignored. The experience of the skills-acquisition program has led to expansion of that material in the commercial version.

What we found:. Diversity shows no direct impact on performance. Its value is in the impact it has on setting preconditions, facilitating organisational alignment, and to a lesser extent the effectiveness of planning.

### What this may mean:

The poor connection of diversity with planning was a surprise because of the research that supports its importance. That poor connectivity and the low average of 2.69 and low-ish deviation of .8 suggests that the **participating organisations were not yet exploiting the value of diversity of opinion** in important decision-making events. Assuming the research about diverse opinion is correct, this represents a low-cost, simple, and potentially effective avenue to pursue performance improvement.

| Org Code | N   | Diversity |        |      |        |
|----------|-----|-----------|--------|------|--------|
|          |     | Score     | % off  | Sdev | % off  |
| 1        | 35  | 2.77      | 3.17   | 0.76 | -4.70  |
| 2        | 7   | 2.79      | 3.91   | 0.41 | -48.59 |
| 3        | 6   | 2.89      | 7.64   | 0.56 | -29.78 |
| 4        | 3   | 3.11      | 15.83  | 1.12 | 40.44  |
| 5        | 16  | 2.53      | -5.77  | 1.01 | 26.65  |
| 6        | 3   | 2.55      | -5.03  | 0.74 | -7.21  |
| 7        | 20  | 2.81      | 4.66   | 0.71 | -10.97 |
| 8        | 8   | 2.63      | -2.05  | 0.66 | -17.24 |
| 9        | 5   | 2.67      | -0.56  | 0.76 | -4.70  |
| 10       | 16  | 2.62      | -2.42  | 0.98 | 22.88  |
| 11       | 9   | 2.62      | -2.42  | 0.86 | 7.84   |
| 12       | 65  | 2.26      | -15.83 | 0.87 | 9.09   |
| 13       | 70  | 2.57      | -4.28  | 0.74 | -7.21  |
| 14       | 6   | 2.63      | -2.05  | 0.77 | -3.45  |
| 15       | 6   | 2.71      | 0.93   | 0.99 | 24.14  |
| 16       | 74  | 2.80      | 4.28   | 0.82 | 2.82   |
| Total    | 346 | Average:  | 2.69   | 0.80 |        |

## Planning:

Is about using information to set a program in place, and the program describes both 'end' or outcome and the 'means' (resources, processes etc) to achieve it. Oddly enough, even though strategic planning has been around for ... centuries - it is poorly understood. This is evident from the large variance of data in this report, and from the experience of organisations in the skills study. Planning seems often to be not much more than a budget with a hope attached (I stole that from Jim Cecil [USA] - his opinion is supported by this research). Other researchers have consistently recorded that performance and organisational outcomes have little relationship to strategic intention or planning. Again, this strategic conversation research agrees. The table on correlation analysis shows correlation of planning with performance is not exciting ( $r=.39$ ), and planning can explain only 15% of the performance. Even so, it is twice as powerful in predicting performance improvement (changes) as in explaining current performance. So if the organisation can get to connect the dots around the planning function, and get it to work, the pay-off should be quick - and worthwhile. This is also born out by other research that shows strong connections between "operation's-led" customer-focused behaviour and performance. The folks on the floor are best positioned to lead the way with performance-related behaviours - but they need and would love a clever plan to work to.

### What we found:

Planning was strongly related to preconditions, triggers, and alignment. Planning is something all organisations do to some extent so it's not surprising to see the average at 3.33 although things may not be quite as they seem. (The longitudinal study group adjusted their expectation of planning during the program) The data are sorted in order of score, and the highest scores belong to organisations with the lowest N (not many questionnaires). As such, those biggies should probably be ignored in averaging, in which case planning becomes average.

### What this may mean:

Directions of causation are unclear, but we know planning is essential. Planning is needed to set preconditions, and preconditions are needed for planning to be effective. Planning will set triggers, and when triggers go off there will be more planning. **Organisational alignment needs to be planned**, and then with alignment better planning is possible. Many loops involve planning.

| Org Code | N   | Planning |        |      |        |
|----------|-----|----------|--------|------|--------|
|          |     | Score    | % off  | Sdev | % off  |
| 1        | 35  | 2.93     | -12.05 | 0.73 | 1.30   |
| 12       | 65  | 2.99     | -10.24 | 0.97 | 34.61  |
| 3        | 6   | 3.00     | -9.94  | 0.56 | -22.29 |
| 10       | 16  | 3.01     | -9.64  | 0.61 | -15.35 |
| 14       | 6   | 3.05     | -8.44  | 0.65 | -9.80  |
| 13       | 70  | 3.19     | -4.24  | 0.68 | -5.64  |
| 11       | 9   | 3.23     | -3.04  | 0.88 | 22.12  |
| 9        | 5   | 3.25     | -2.44  | 0.86 | 19.34  |
| 15       | 6   | 3.27     | -1.84  | 0.94 | 30.44  |
| 2        | 7   | 3.28     | -1.54  | 0.92 | 27.67  |
| 5        | 16  | 3.35     | 0.56   | 1.03 | 42.93  |
| 16       | 74  | 3.36     | 0.86   | 0.69 | -4.25  |
| 7        | 20  | 3.49     | 4.77   | 0.77 | 6.85   |
| 8        | 8   | 3.82     | 14.67  | 0.29 | -59.76 |
| 6        | 3   | 3.89     | 16.77  | 0.59 | -18.13 |
| 4        | 3   | 4.19     | 25.78  | 0.36 | -50.04 |
| Total    | 346 | Average: | 3.33   | 0.72 |        |

## Risk:

Risks come in many flavours, and in the main only the traditional financial or more recent safety risks are acknowledged. However, risks may be strategic or operational, relate to hard or soft matters, and should embrace assessment, management, monitoring, and contingency plans. The panel members were adamant that this is a hot and strategic topic, yet the relationship was poor. I suspect this is due to poor general understanding of risk processes rather than low importance. This is supported by the range of risk scores and the wide variance within organisations. Risk deserves attention as more than a fear-inducing phenomenon - not just a process that has to be gone through simply so we don't get caught out. It deserves attention as strategic opportunism - a new frame to approach it. It is much bigger than most folks think. For example, at least one piece of research has shown that when people accidentally trip over a contingency plan that is clearly superior in all respect than the primary plan, they escalate commitment to the primary plane rather than swap plans. This can only happen in the absence of a risk system (which is 'normal').

### What we found:

Attention to risk was slightly below average at 2.93 and only 55 of the 346 organisations scored above neutral. Attention to risk had low links with performance - a surprise finding. The influence of risk assessment and management is via its strong links with preconditions, triggers, strategic behaviour and strategic conversation.

### What this may mean:

The low link with performance suggests that risk is unimportant. Indeed, risk assessment and management was measured as being of low priority. There was weak awareness of the wide range of risk areas. Risks are typically seen in financial terms, with little attention to other risks that are ever-present and potentially catastrophic. It seems that **risk needs to be treated much more as a strategic topic** and less as an operational one, and needs to become **associated with triggers** (automatic sensors to force response to a trigger that alerts about a risk status)

| Org   |     | Risk     |       |      |        |
|-------|-----|----------|-------|------|--------|
| Code  | N   | Score    | % off | Sdev | % off  |
| 13    | 70  | 2.65     | -9.52 | 0.65 | -15.86 |
| 9     | 5   | 2.73     | -6.79 | 0.52 | -32.69 |
| 14    | 6   | 2.78     | -5.08 | 0.66 | -14.56 |
| 11    | 9   | 2.82     | -3.71 | 1.03 | 33.33  |
| 12    | 65  | 2.82     | -3.71 | 0.82 | 6.15   |
| 5     | 16  | 2.88     | -1.66 | 0.80 | 3.56   |
| 6     | 3   | 2.88     | -1.66 | 1.09 | 41.10  |
| 7     | 20  | 2.91     | -0.64 | 0.70 | -9.39  |
| 2     | 7   | 2.96     | 1.07  | 0.74 | -4.21  |
| 4     | 3   | 2.96     | 1.07  | 0.83 | 7.44   |
| 16    | 74  | 2.96     | 1.07  | 0.70 | -9.39  |
| 10    | 16  | 2.97     | 1.41  | 0.92 | 19.09  |
| 3     | 6   | 3.02     | 3.12  | 0.80 | 3.56   |
| 1     | 35  | 3.06     | 4.48  | 0.60 | -22.33 |
| 15    | 6   | 3.21     | 9.60  | 0.72 | -6.80  |
| 8     | 8   | 3.25     | 10.97 | 0.78 | 0.97   |
| Total | 346 | Average: | 2.93  | 0.77 |        |

## Preconditions:

Preconditions describe the climate, systems, and processes that must in place in order for strategic conversation to even start - let alone achieve anything. First have the right conditions, and then start strategic conversations. This is where learning and applying SC begins, and why it has to start with the high end of the hierarchy. Only the members of the dominant coalition have the power to make conditions right, and only they can act as role models. Besides, is there a CEO anywhere who wants other members to know more about things strategic than the boss?

### What we found:

It is very important. 'Preconditions' stands out because it has a high correlation with everything except management support. The average score is below neutral, meaning that most people reported that preconditions were not attended to their organisation. The actual scores vary widely between organisations and not all that much within organisations. The two highest scores are unreliable because of the low N. When these scores are removed the average becomes 2.78

### What this may mean:

This is now clearly an area of differentiation in performance, previously hidden. Preconditions hit everything and therefore deserve intense scrutiny. Unfortunately its poor link with the management measure suggests that management doesn't put much value in paying attention to preconditions. This is understandable given the hidden nature of the impact of preconditions - but now the importance is exposed and represents an opportunity.

| Org Code | N   | Precondition |        |      |        |
|----------|-----|--------------|--------|------|--------|
|          |     | Score        | % off  | Sdev | % off  |
| 12       | 65  | 2.61         | -10.79 | 0.68 | 33.99  |
| 14       | 6   | 2.67         | -8.74  | 0.47 | -7.39  |
| 15       | 6   | 2.75         | -6.00  | 0.26 | -48.77 |
| 11       | 9   | 2.76         | -5.66  | 0.75 | 47.78  |
| 1        | 35  | 2.77         | -5.32  | 0.55 | 8.37   |
| 10       | 16  | 2.77         | -5.32  | 0.50 | -1.48  |
| 13       | 70  | 2.77         | -5.32  | 0.50 | -1.48  |
| 9        | 5   | 2.80         | -4.29  | 0.61 | 20.20  |
| 5        | 16  | 2.91         | -0.53  | 0.87 | 71.43  |
| 3        | 6   | 2.95         | 0.83   | 0.61 | 20.20  |
| 8        | 8   | 3.00         | 2.54   | 0.32 | -36.95 |
| 16       | 74  | 3.00         | 2.54   | 0.55 | 8.37   |
| 2        | 7   | 3.02         | 3.23   | 0.47 | -7.39  |
| 7        | 20  | 3.13         | 6.99   | 0.32 | -36.95 |
| 4        | 3   | 3.45         | 17.92  | 0.45 | -11.33 |
| 6        | 3   | 3.45         | 17.92  | 0.21 | -58.62 |
| Total    | 346 | Average:     | 2.93   | 0.51 |        |

## Alignment:

Alignment is necessary if an organisation is to minimise wasted effort and resources. Alignment is therefore necessary for SC to achieve anything. Fortunately, SC is just the device to put to work to cause alignment to happen. To be aligned, all systems and people must act in support of the goals and purpose of the organisation. An SC topic will frequently be about how to improve that alignment. Without alignment, other SC is wasted.

### What we found:

Alignment has a strong direct link with strategic behaviour and with performance. It is also linked, in order of strength, with preconditions, diversity, and planning. The average score is above neutral (3.29) and a relatively low variance within organisations. The low and high scores were scattered regardless of organisation size.

### What this may mean:

Alignment is seen by most organisations as being important, **and this research backs it up as a key player**. Other things have to work through alignment to impact strategic behaviour and performance. The absence of a high score by any organisation suggests that **organisations may be having trouble knowing what to do about achieving alignment**.

The **highest link to alignment was with strategic conversation**, and SC in its looping nature both affects and is affected by - alignment. **SC could be a large part of the answer to improving alignment**. Indeed, without SC, alignment is impossible - simply because the instant anyone seriously attends to the topic of alignment they also engage in SC. The questions are:- how effective is our SC? How efficient is our SC? How professional is our SC?-

| Org   |     | Alignment |        |      |        |
|-------|-----|-----------|--------|------|--------|
| Code  | N   | Score     | % off  | Sdev | % off  |
| 11    | 9   | 2.87      | -12.65 | 0.83 | 34.82  |
| 12    | 65  | 2.95      | -10.21 | 0.62 | 0.71   |
| 13    | 70  | 3.00      | -8.69  | 0.65 | 5.58   |
| 3     | 6   | 3.07      | -6.56  | 0.93 | 51.07  |
| 10    | 16  | 3.12      | -5.04  | 0.59 | -4.16  |
| 1     | 35  | 3.20      | -2.61  | 0.73 | 18.58  |
| 15    | 6   | 3.26      | -0.78  | 0.73 | 18.58  |
| 2     | 7   | 3.31      | 0.74   | 0.43 | -30.15 |
| 5     | 16  | 3.37      | 2.57   | 0.90 | 46.19  |
| 16    | 74  | 3.39      | 3.18   | 0.65 | 5.58   |
| 7     | 20  | 3.45      | 5.00   | 0.58 | -5.79  |
| 14    | 6   | 3.45      | 5.00   | 0.60 | -2.54  |
| 9     | 5   | 3.47      | 5.61   | 0.63 | 2.34   |
| 4     | 3   | 3.50      | 6.52   | 0.39 | -36.65 |
| 8     | 8   | 3.57      | 8.66   | 0.30 | -51.27 |
| 6     | 3   | 3.59      | 9.26   | 0.29 | -52.89 |
| Total | 346 | Average:  | 3.29   | 0.62 |        |

## Correlation Table

This shows what is linked to what. You will notice that StrBeh and Perform are in bold to remind you that they are "outputs" or "results" of the other. (Note that there is always a two-way deal here in that better performance may lead to better planning, better conversation etc.). Let's just say that we can control the alignment, diversity, etiket and so on, and that hopefully it leads to improved strategic behaviour and performance.

The closer to 1.0 (bigger the number), the stronger the link. For example, if you scan the numbers for Alignment the highest link is with StrBeh, and the next highest is with Strategic Conversation. So if SC can be boosted, then up goes alignment and also strategic behaviour.

Looking at Performance, the highest link is with StrBeh and the next is with SC. So to impact Performance, do things that impact StrBeh and also boost SC. The biggest links with StrBeh are Alignment and StrConv. Do get the feeling it goes in a circle?

|                       | ALIGNMNT | DVERSIY | ETIKET | MNGMNT | PLANNING | PRECOND |
|-----------------------|----------|---------|--------|--------|----------|---------|
| ALIGNMNT              | 1.0000   | .5402   | .4928  | .3751  | .5348    | .5773   |
| DVERSIY               | .5402    | 1.0000  | .4145  | .3082  | .4078    | .5632   |
| ETIKET                | .4928    | .4145   | 1.0000 | .3966  | .3791    | .5081   |
| MNGMNT                | .3751    | .3082   | .3966  | 1.0000 | .1745    | .2328   |
| PLANNING              | .5348    | .4078   | .3791  | .1745  | 1.0000   | .5524   |
| PRECOND               | .5773    | .5632   | .5081  | .2328  | .5524    | 1.0000  |
| RISK                  | .4347    | .3361   | .3941  | .2882  | .3228    | .4679   |
| TRIGGER               | .4631    | .3871   | .5021  | .2827  | .4858    | .6089   |
| STRCONV               | .6041    | .5433   | .4925  | .2942  | .6194    | .6072   |
| <b><u>STRBEH</u></b>  | .6176    | .5588   | .4416  | .3471  | .5550    | .6098   |
| <b><u>PERFORM</u></b> | .4345    | .3173   | .2581  | .2754  | .3936    | .4023   |

|          | RISK   | TRIGGER | STRCONV | <b><u>STRBEH</u></b> | <b><u>PERFORM</u></b> |
|----------|--------|---------|---------|----------------------|-----------------------|
| ALIGNMNT | .4347  | .4631   | .6041   | .6176                | .4345                 |
| DVERSIY  | .3361  | .3871   | .5433   | .5588                | .3173                 |
| ETIKET   | .3941  | .5021   | .4925   | .4416                | .2581                 |
| MNGMNT   | .2882  | .2827   | .2942   | .3471                | .2754                 |
| PLANNING | .3228  | .4858   | .6194   | .5550                | .3936                 |
| PRECOND  | .4679  | .6089   | .6072   | .6098                | .4023                 |
| RISK     | 1.0000 | .4916   | .5895   | .4323                | .2291                 |
| TRIGGER  | .4916  | 1.0000  | .5689   | .4657                | .3612                 |
| STRCONV  | .5895  | .5689   | 1.0000  | .6198                | .4599                 |
| STRBEH   | .4323  | .4657   | .6198   | 1.0000               | .4641                 |
| PERFORM  | .2291  | .3612   | .4599   | .4641                | 1.0000                |

### We seem to have a powerful triangle here; StrBeh, Alignment, and StrConv (SC)

A statistician will tell you it's not as simple as this because they interact, but I can gladly inform you that the Multiple Regression tests that are designed to sort all that out have been done and continue to support the importance of these three influences on performance. And it makes sense that to align strategic behaviour (a prerequisite for doing business - sell what they want to buy) you will need to talk - strategically.

*Fancy having to go through all this just to prove that it's best to talk about what you are seeking to excel at!*

### ***What to do with this information***

The information contained in the headings *What we found* and *What this means* contain many hints you may consider (in bold and underlined). It doesn't discuss 'how', only 'what', because the 'how' will differ for each organisation, as indeed will the 'what' vary according to perceived priorities.

There is more information about using and teaching SC added on a regular basis to the website [www.strategic-conversation.com.au](http://www.strategic-conversation.com.au). The next part of this report briefly outlines what was found from the 6-month study about learning SC.

### ***6-month SC skills-development program***

Beginning mid 2003, hundreds of organisations in Brisbane (Australia) were approached and invited to participate in research being conducted by me as a researcher of the School of Psychology, Griffith University. More than 70 owners, CEO's, or similar representatives of organisations accepted an invitation to participate in a 6-month skills-development project. The purpose was to see if SC could be learned, and if it can then does it then make a difference to the organisation. Formed into groups of 6 to 11 participants, the program began in November 2003 and ended in June 2004.

The short answer - it can be learned, and it does make a difference.

The groups represented a very broad range of organisations in terms of size, activity, location and ownership structure. The groups met for 1 hour each week at a place and time of their choice. The learning package included a computer-based CD comprising tutorial and questions on selected topics to do with communication, conversation, decision making, and strategically relevant topics. Each meeting was facilitated by one of the group members with assistance by the researcher.

The learning process was based on adult learning theory with intense practical application during the session and between sessions. The attrition rate was high as is experienced in all research of this kind. Two groups survived to completion, representing 11 organisations. Commercially supplied development programs do not suffer such attrition rates because they move much more gently, have been bought and paid for, and are chosen at a time to suit the organisation. About 20% of those who left claimed the material was irrelevant to them. Some left due to pressure of work. About 25 were forced to quit because their group had diminished to a size that was too small (4) for the necessary diversity of dialogue. The attrition was gradual throughout the program but slowed towards the end. The final two groups showed no signs of quitting, but the program had to stop. About half the available topics had been covered in that time, and some participants expressed regret at missing out on specific topics that would not be reached.

The organisational impact of SC on the organisation performance would be delayed because any change in SC had to work through changed behaviours before it could alter the end product of organisational performance. This was confirmed when participants were surveyed some 3 to 6 months after the program finished. One question to participants was "Will SC have a long term impact on performance?" and then "When will you see any impact on performance start to happen?" The 'if' answers were all "yes", and the 'when' answers varied from "already" to "18 months".

When asked where the immediate benefits were, the answers were used to guide assessment and are shown in the next table. The next table shows where they suggested the big gains were felt, and by how much. According to them, other more general organisational improvement is now on its way.

**Feedback from participants of 6-month skills-development research program  
in Strategic Conversation**

| Activity assessed                           | Strength of Role of SC | Estimated improvement |            |            |            |            | Importance of this topic |            |
|---|------------------------|-----------------------|------------|------------|------------|------------|--------------------------|------------|
|   |                        | Before SC             | After SC   | As %       | In 24 Mths | As %       | to You                   | to Org     |
| Efficiency of meetings                      | 8.0                    | 4.2                   | 6.2        | 48%        | 8.0        | 92%        | 8.3                      | 9.0        |
| Effectiveness of meetings                   | 7.7                    | 3.7                   | 5.5        | 50%        | 7.5        | 105%       | 7.8                      | 7.8        |
| Conduct of meetings                         | 7.0                    | 4.0                   | 5.7        | 42%        | 7.3        | 83%        | 8.2                      | 7.8        |
| Transparency of meetings                    | 7.7                    | 5.2                   | 5.8        | 13%        | 7.7        | 48%        | 8.7                      | 8.2        |
| Clarity of purpose & goals of org.          | 7.8                    | 3.8                   | 5.5        | 43%        | 7.7        | 100%       | 8.8                      | 8.7        |
| Management professionalism                  | 7.7                    | 3.3                   | 5.7        | 70%        | 7.5        | 125%       | 8.2                      | 8.5        |
| Employee development in strategic awareness | 7.2                    | 3.2                   | 5.2        | 63%        | 7.3        | 132%       | 7.5                      | 7.3        |
| Skills at giving instructions               | 7.0                    | 5.5                   | 6.5        | 18%        | 7.7        | 39%        | 7.5                      | 7.8        |
| Strategic Risk awareness & process          | 7.3                    | 5.0                   | 6.3        | 27%        | 8.0        | 60%        | 8.3                      | 8.0        |
| SWOT skills & practice                      | 7.6                    | 3.8                   | 5.8        | 53%        | 7.4        | 95%        | 6.6                      | 7.4        |
| Strategic planning skills                   | 7.7                    | 5.0                   | 6.3        | 27%        | 8.0        | 60%        | 7.3                      | 7.7        |
| Management of 'change' programs             | 7.4                    | 4.2                   | 6.2        | 48%        | 7.2        | 71%        | 7.4                      | 7.4        |
| Organisation system(s) awareness            | 7.5                    | 3.5                   | 6.5        | 86%        | 8.0        | 129%       | 9.0                      | 7.5        |
| <b>Average:</b>                             | <b>7.5</b>             | <b>4.2</b>            | <b>5.9</b> | <b>45%</b> | <b>7.6</b> | <b>88%</b> | <b>8.0</b>               | <b>7.9</b> |

The organisational activities that were assessed were those most often mentioned as having improved with participation in the SC program. Others of similar importance were stress management, motivation, decision-making etc. Participants were contacted individually by phone some 3 to 6 months after completion of the project, by which time their loyalty to the program or to the person running the program should have tapered. Each was asked to give an accurate estimate that could contribute to the overall quality of data. Specifically "...not what you think might be nice to hear, but what you believe to be your most accurate guess."

All scores are from 1 to 10. The first score of interest is the 'strength of the role of strategic conversation' in - efficiency, then effectiveness etc. (What part does SC play? Just how important is it?) The average of all of them is 7.5, and there's not much variation. It seems that **SC has an important role in the improvement and functioning of those activities, and that all participants share the same opinion.** Since these are varied types and sizes of organisations, the importance of SC may be important to all organisations, and they can expect the same sort of improvement in these activities upon improving SC.

All the figures from Table above were collated from one single phone call per participant - even the "Before SC" measures. It may seem more appropriate to have collected "Before SC" data before the program had started, but there was a valid reason and the participants who were asked about this agreed. Had the scores been collected beforehand they would have been too high because they would have been based on their existing ideas about those activities. **Learning SC brought about elevated expectations, and scoring became more stringent.**

The average 'before' score of 4.2 out of 10 for "Before SC" indicates their poor opinion of those functions before expectations were lifted. They had **improved an average of 45% by the end of the program, showing substantial capability improvement of this core skill.** Nearly all participants were already in the process of 'coaching', 'teaching', or in other ways developing SC skills within their organisation, and **expect on average an 88% improvement** in assessed performances during the 24 months following termination of the program. They were already 3 to 6 months into those programs when phoned for the feedback in the Table above.

The **importance of the assessed topic to the strategic benefit of the organisation** was on average 7.9.

In summary, the assessed activities are of **strategic relevance** (7.9/10) and **worthwhile improving**.

**SC has a powerful role** in that improvement (7.5/10), and **expected gains** through SC are substantial (88%).

## Summary

- It is possible to learn SC.
- It is possible to pass SC on to others in the organisation or elsewhere.
- Improving SC improves efficiency and effectiveness of all kinds of meetings. Since this is where important decisions are made, and plans are drawn, then improved performance should follow
- Improved SC by its nature improves decision-making processes
- Higher levels of SC have been linked with higher strategic behaviour and higher performance
- SC was being included into existing development programs by participants
- Comments by participants during and upon completion are:

### Comments made during the program

- ◆ what kind of meeting are we having - chaired - facilitated
- ◆ Discovery happens from the inside of me.
- ◆ Don't explain it - allow me to discover it
- ◆ exploit diversity of SC -
- ◆ encourage each other's diversity
- ◆ Learning to steer vs oars.
- ◆ Recognise why change had failed.
- ◆ Implementing the strategic loop → org learning.
- ◆ Important - 4D's - decision making.
- ◆ More time setting scene and preparing for discussions with outcomes in mind (I am responsible for response I elicit)
- ◆ Clarity for staff
- ◆ Strategic loop constantly in mind.
- ◆ Starting to use decision templates.
- ◆ So much more to know.
- ◆ Now influencing meetings upwards.
- ◆ I am responsible. And that's OK
- ◆ How I think - has changed
- ◆ Helps 'tidy up' decisions → outcomes.
- ◆ Decisions - staff more inclusive.
- ◆ More looped thinking.
- ◆ Building toolbox - eg SWOT.
- ◆ CD's will be useful to help train.
- ◆ Deliberate efforts to improve decision processes.
- ◆ More planning.
- ◆ It's truly dynamic - the fads are static by comparison.
- ◆ Especially bringing strategic plans to life.
- ◆ More in control of self - what is big job with considerable frustration - now more in control of self -
- ◆ Becoming more effective change agent.
- ◆ Use the sense of going around in circles to trigger the next 'D' of the 4 D's.
- ◆ Making it 5 D's
- ◆ Goal setting - never did it before - very useful.
- ◆ Making it 6 D's  
(There can be no more D's - please)

### Comments made after the program

- ◆ Learning to steer vs oars.
- ◆ Benefits of teams - improved strategic planning meetings.
- ◆ Effective strat plan meets.
- ◆ Implementing the strategic loop → org learning.
- ◆ Rubbing off at home with challenging business meetings.
- ◆ Deliberate balance work/home.
- ◆ Goal-setting more linked - purpose articulation.
- ◆ Really into Topic mapping.
- ◆ Team meetings - topic manage & 4 D's.
- ◆ Preparing better for strategic planning.
- ◆ Meetings are different now -
- ◆ Now I think more about tactic evaluation.
- ◆ Keeps meetings focused.
- ◆ More use of Plan B's.
- ◆ CD's useful to revise.
- ◆ Agreed with change fatigue -
- ◆ Better manage chaos
- ◆ Looking at culture -
- ◆ Was huge staff turnover across all branches - Changed locally to team driven & turnover stopped.
- ◆ Introduced participative goal setting.
- ◆ Bringing strategic plans to life.
- ◆ Late meetings now combated.
- ◆ Systems alignment provides a way to link teams/sections.
- ◆ Keeping at strategic level.
- ◆ Growth management.
- ◆ Using tools to drive outcomes.
- ◆ We have moved from DeBono's 4 hats to the 4 D's - easier to follow.
- ◆ Promoting succession planning.
- ◆ Much more comfortable to lead meetings - & be part of meeting.
- ◆ **Interesting to think if we had done this 10 years ago.**