



Strategic Planning: Truth or Dare?

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As the managing director of AnalyticResults, a national strategic advisory, benchmarking, performance improvement consulting firm, Mr. Alfonsi is responsible for the timely completion of engagements that improve the overall management effectiveness of client companies, particularly in the areas of financial processes, working capital management, bank relationship management, outsourcing evaluations, and shared service center establishment. Mr. Alfonsi's background also includes roles as a cash and treasury manager at a large not-for-profit healthcare insurer and a middle market company, as well as positions in commercial banking. Mr. Alfonsi is a permanently certified cash manager, a certified risk manager, is certified in the Hackett Benchmarking statistical methodology and holds senior accreditation as a workplace performance technologist.

Mr. Alfonsi was a Director and Practice Leader with a "Big 9" consulting organization, and from 1991 to 1998, he was with CoreStates Financial Corp. in Philadelphia. His role at CoreStates was twofold: internal consulting lead and project manager for commercial banking performance metrics, and the external consulting practice manager for CoreStates Financial Consulting. For projects integral to CoreStates Bank, Mr. Alfonsi led the commercial banking pricing committee, the market segment analysis group, the payment strategy group, was the senior advisor to the cash management business team, and participated in the credit extension process as the methodology and price performance improvement leader. To CoreStates' external customers, Mr. Alfonsi was the managing principal of CoreStates' Treasury Consulting, a team of professionals completing over 50 major working capital management improvement engagements with global 2000 companies in a three year span. Prior to CoreStates, Mr. Alfonsi was part of the founding team for Citibank Delaware's cash management division, with roles in operations, technical sales, implementation and product management.

Mr. Alfonsi is the co-director and an instructor for The Treasury Executive Program at The University of North Carolina at Chapel Hill, and has served on the Board of Regents of NACHA's annual Payments Institute. In conjunction with the then TMA (now the AFP), Mr. Alfonsi served as a standing member of the education committee, a founding member of the conference program task force, and task force leader for TMA's Treasury TQM initiative. Mr. Alfonsi has designed and delivered over twenty performance improvement programs to international audiences, most notably: "First Class Liquidity," "The Seven Habits of Highly Effective Treasury Managers" and "Myths, Lies & Euphemisms in Treasury Management." Mr. Alfonsi has been a subject-matter guest on CNNfN, Bloomberg TV, and the ABC Network, and has authored best practice articles on international treasury management, working capital management, and treasury performance management, having been published in [AFPEXchange](#), [Treasury and Risk Manager](#), [CashFlow Magazine](#), [TreasuryPoint.com](#) and [Treasury Manager's Report](#). He holds an M.A., magna cum laude, from LaSalle University in Philadelphia, PA, and earned a certificate in Cash Management from Duke University's Fuqua School of Business.

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Agenda:

Presentation Sequence

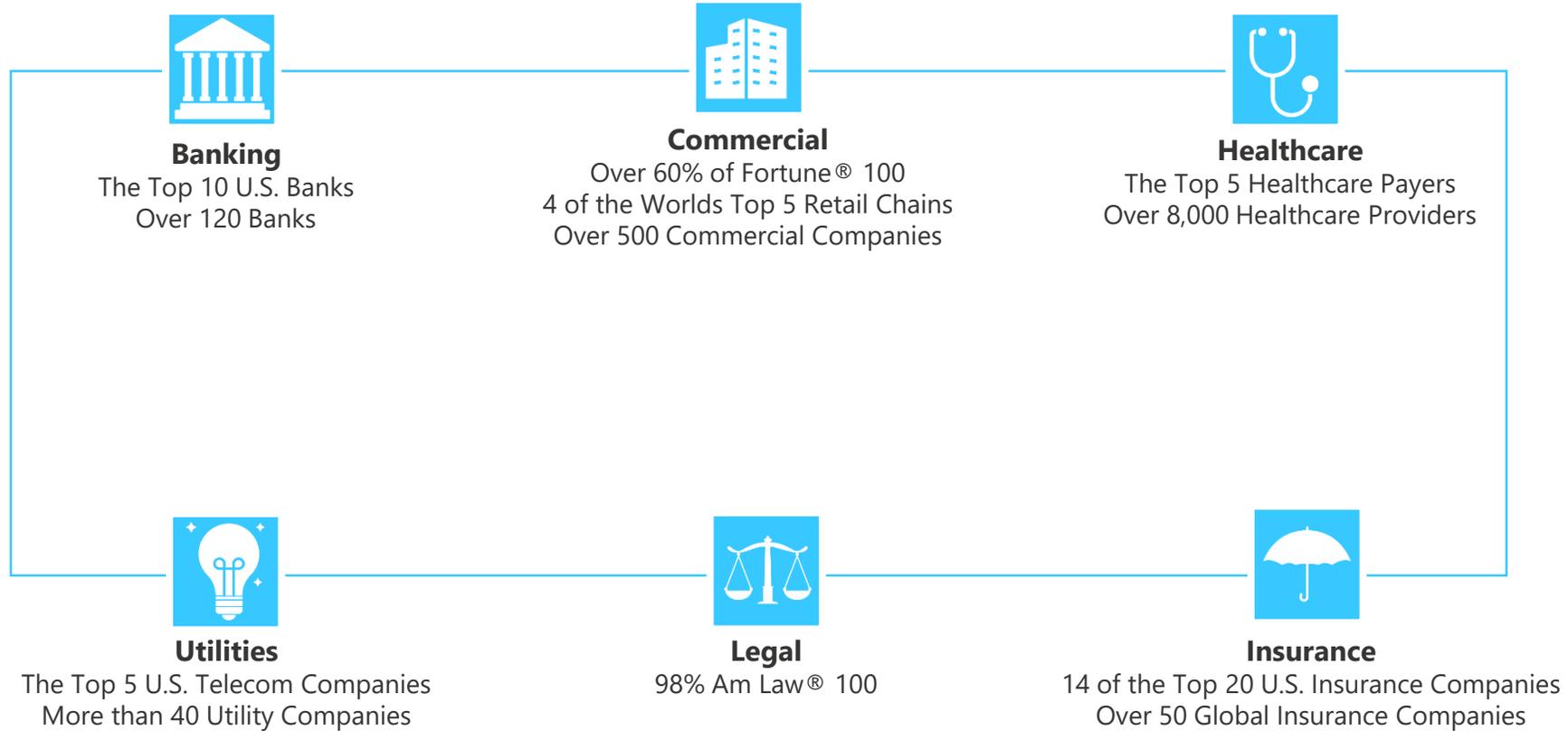
- **Groundwork / Starting Point**
- **Strategy: Some unique perspectives**
 - **Parts I & II**
- **Applying this to finance & treasury**
- **Success Stories and....Lessons Learned from “not so successful” stories**
- **Questions & Discussion: ANYTIME**



Goals for Today.....

- **Enable you to be confident in “strategic” conversations, meetings, analysis and senior management discussions**
- **Translate your new skills in strategy to being even more valuable in your organization**
- **Make your head hurt a tiny bit.....**

Providing Thought Leadership To:



Strategy Starting Points

Let's get started!

What is Strategy?

Strategy is an integrated set of choices that uniquely positions a firm, and its lines of businesses, to create sustainable competitive advantage and superior value relative to their competitors.

In finance & treasury, this means the Finance Division, or the Treasury Group, chooses and executes a set of choices to create superior value to the company

Ineffective Approaches to Strategy

- 1) **Defining strategy as a vision.**
- 2) **Defining strategy as a plan.**
- 3) **Denying long-term strategy is possible.**
- 4) **Defining strategy as Operational Effectiveness (OE)**

The Traditional Approach: Generating Buy-in



We usually like this approach as well as the way it is “sold”

A proven business transformation approach has seen exceptional success

Targeting



- Identify specific outcomes of value
- Benchmark
- Establish Cost Targets
- Mobilize resources

Architecture



- Define Business Needs
- Design End-to-End Processes (Internal & External)
- Identify relevant technology
- Develop solid business case/s
- Develop & implement change management plans

Decision

Construction



- Specifications, Build, Test
- Develop Procedures
- Establish New Organizations

Deployment



- Pilot new Environment
- Review Pilot
- Roll-out Changes
- Track benefits

The Traditional Approach: Generating Buy-in

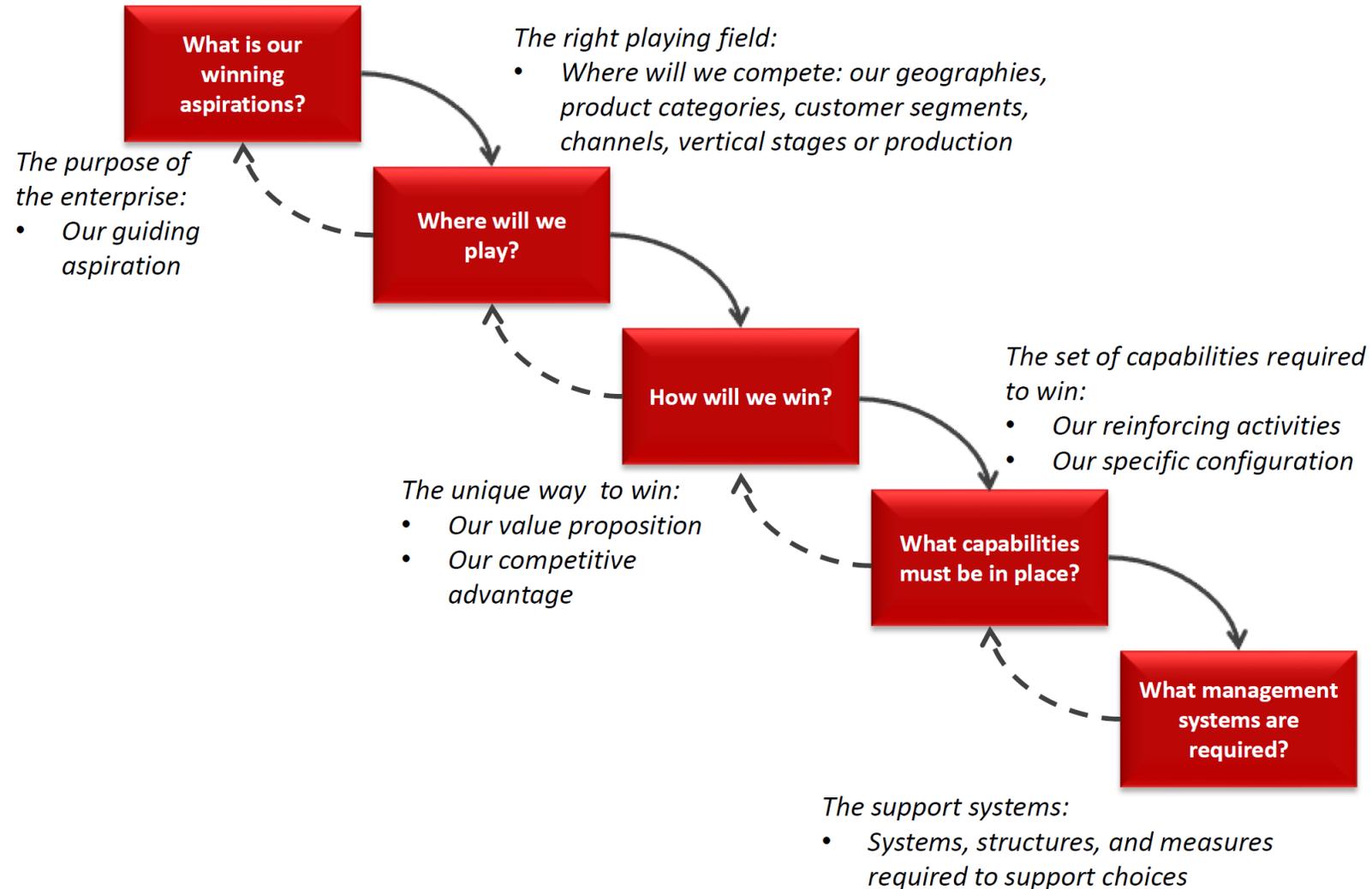
Drawbacks to the generating buy-in approach.

- Resource and time intensive
- Analysis tends to be scattershot and superficial
- Biases and personal agendas often interfere
- Creativity is discouraged
- Weak compromises supplant commitment and making hard choices
- Individuals sometimes feel marginalized
- Senior management is typically only engaged at the end of the process

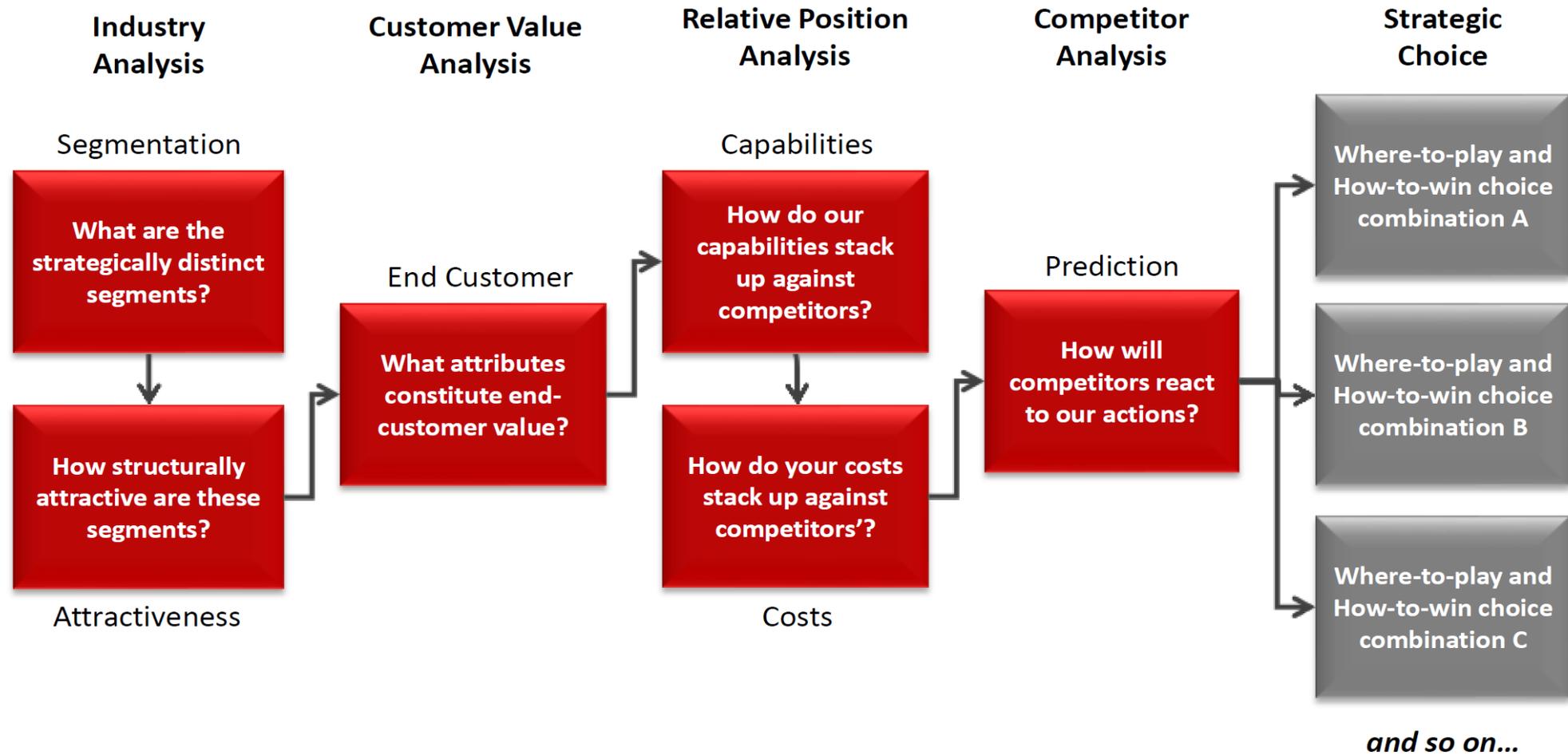


A NEW Approach to Strategy

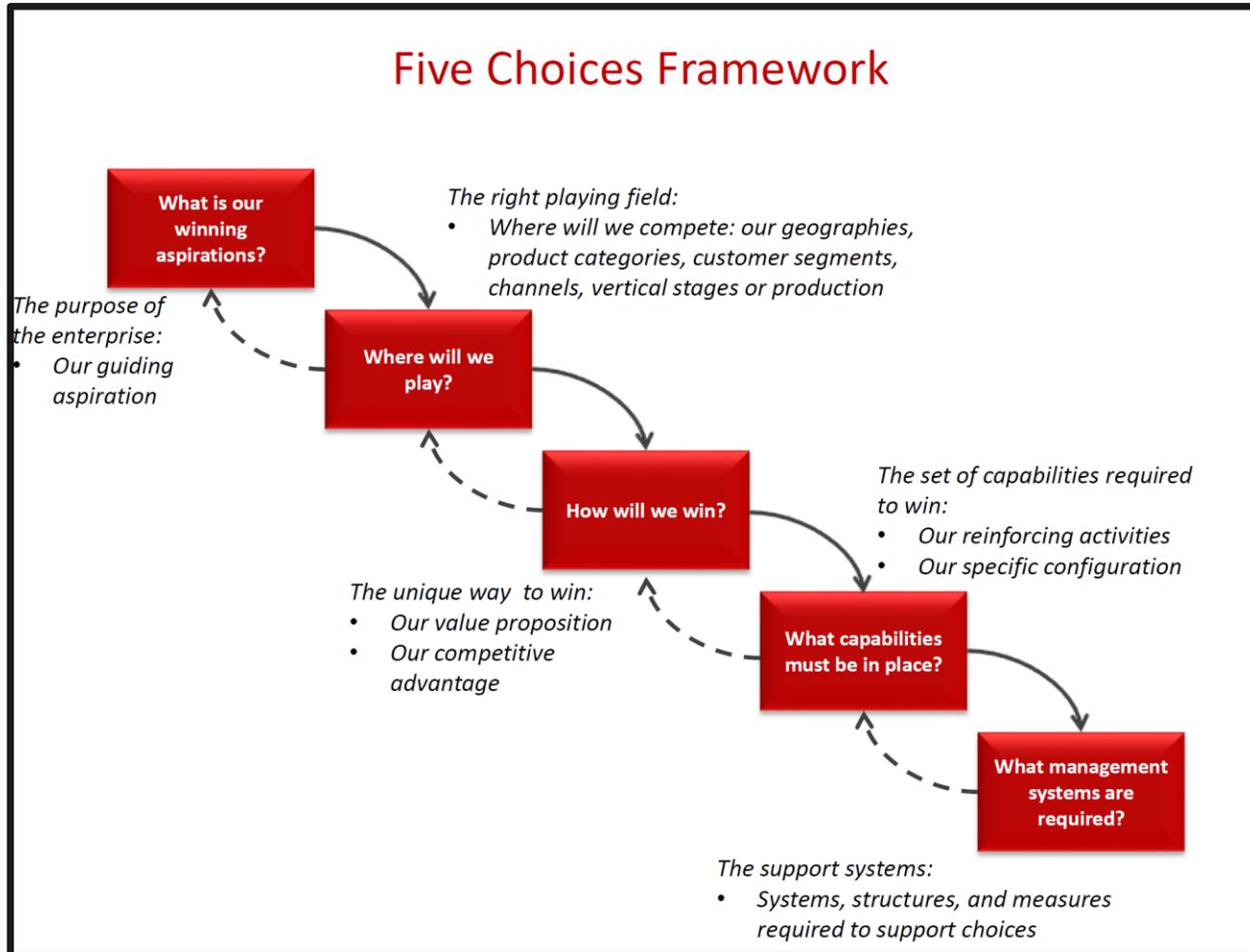
Five Choices Framework



Strategy Logic Flow



Let's apply all this.....



Case Studies / Examples / Success & Failure Stories:

- Treasury Reviews
- Treasury Workstations
- FX “Strategy”
- “Transforming” Finance
- FinTech
- Your suppliers.....
 - **The Strategy that they articulate about themselves.....**
VERY important
 - **YOUR articulation of your company’s strategy – THAT is important to your lenders!**

Treasury Group Sample

Objectives	Strategy	Measures
<p>Winning aspiration:</p> <ul style="list-style-type: none"> • Improve our treasury group and thus finance by using advanced data tools and data visualizations for decision making • Be a center of finance excellence in the company • Be recognized as a high performing treasury team by our treasury peers 	<p>Where to play:</p> <ul style="list-style-type: none"> • North America leadership • EUR leadership • LATAM – depends on subsidiary • Best in the XXXX sector 	<p>Efficiency Measures</p> <ul style="list-style-type: none"> • Returns • FX • NPV • Capital Efficiency • Liquidity <p>Our “customers” preference measurement:</p> <ul style="list-style-type: none"> • 100% inclusion (by anecdote) • 100% satisfaction (by survey) • Sr Management recognition
<p>Goals</p> <ul style="list-style-type: none"> • Returns 13bps over benchmark • Line utilization to policy • ROIs meet targets in all funding projects • Cash forecast 94% • No FX losses • Cash position at 10:15a – 98.5% 	<p>How to win:</p> <ul style="list-style-type: none"> • Be smart <ul style="list-style-type: none"> • TWS • Data Visualizations • Deploy staff to analytic • Forecast • Payments • Be advisors <ul style="list-style-type: none"> • All cap ex includes Treasury • All Bank RM includes Treasury <p>Be visible</p> <ul style="list-style-type: none"> • Sr Management • Board 	

Strategic Flow

Dos and Don'ts

- Do explore all four critical dimensions of strategic choice.
- Do look beyond your current understanding of the industry.
- Don't accept that entire industries are or must be unattractive.
- Do consider both channel and end customer value equation.
- Don't expect either the channel or the end customer to tell you what constitutes value.
- Don't be blasé about your relative capabilities or costs; compare them with those of your best competition.
- Do explore a range of possible competitive reactions to your choices.

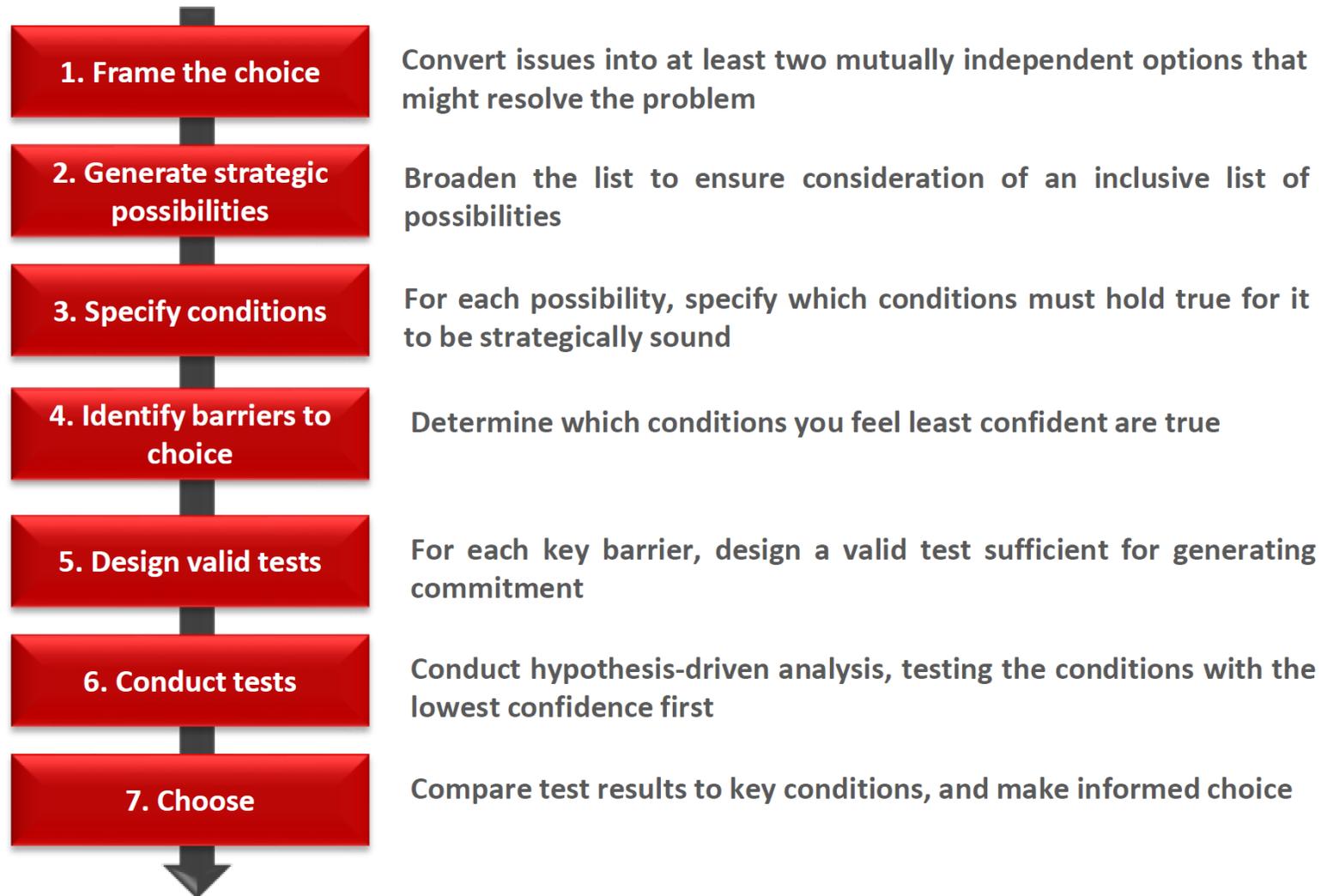
Testing Options & CREATING Strategic Confidence

Some notes about “team”.....

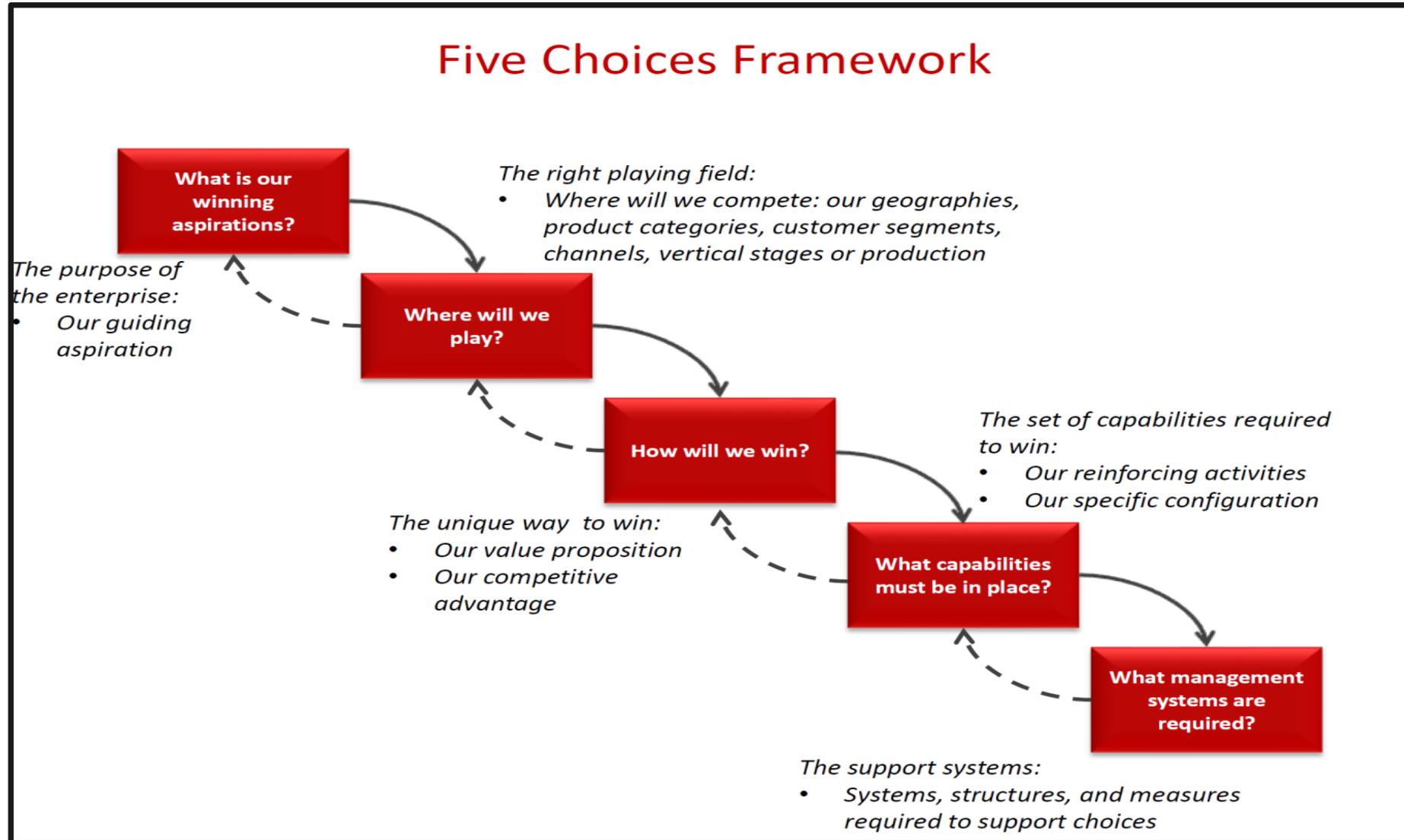
- You MUST have a COMMON system of and for understanding each other
- Simulations can help, but it is not a “serendipity party”....this is real work
- A team who BOTH:
 - Respects each other
 - Has a good decision & evaluation process

will ALWAYS make the best choice possible. This can actually be empirically proven.

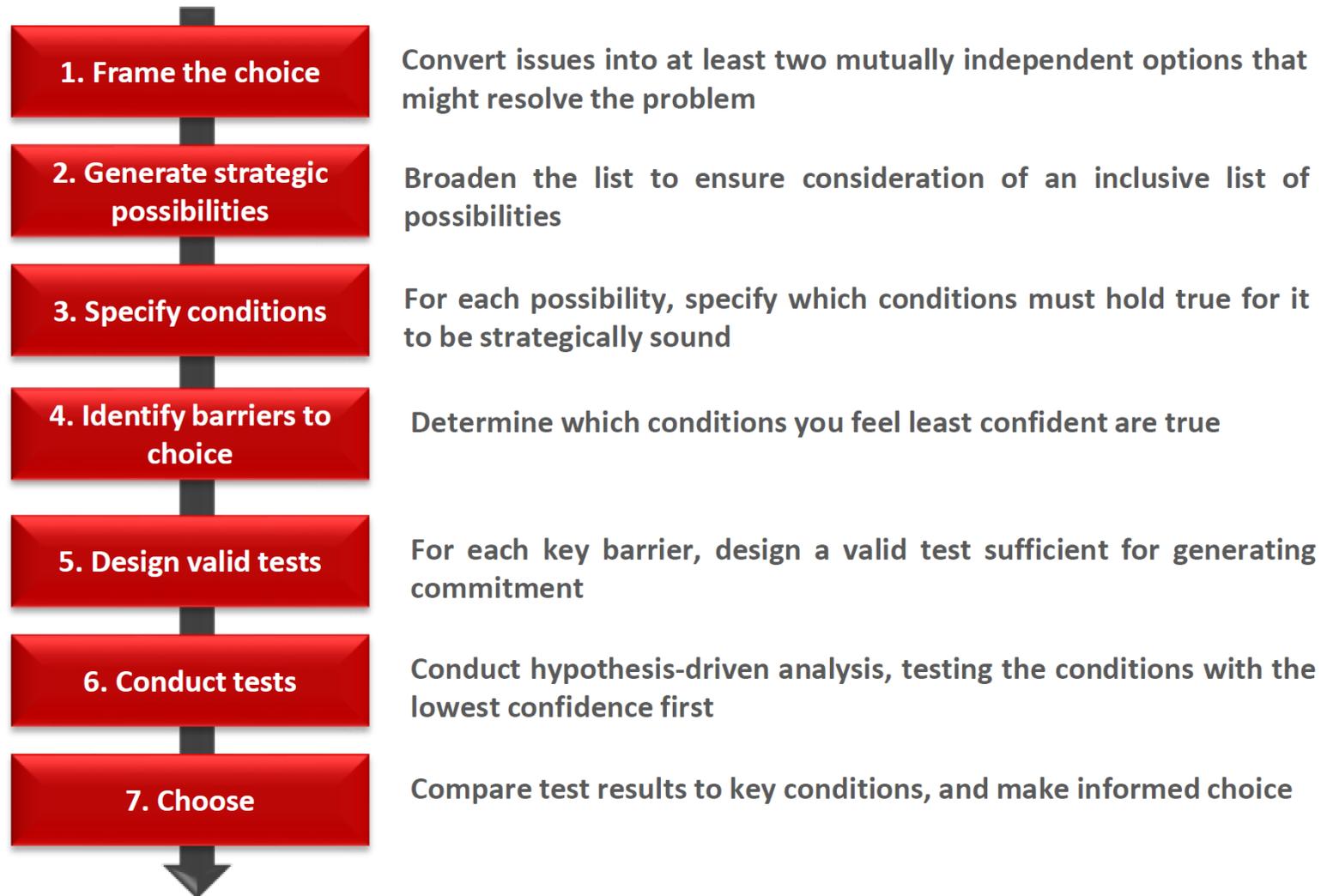
Reverse-Engineering Strategic Options



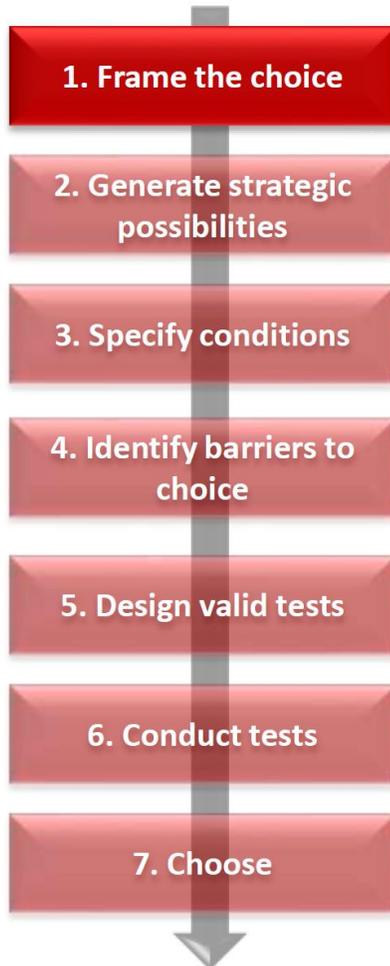
Remember, the “Reverse Engineering” of the choices comes AFTYER going thru this sequence....essentially: “where to play and how to win:”



Reverse-Engineering Strategic Options



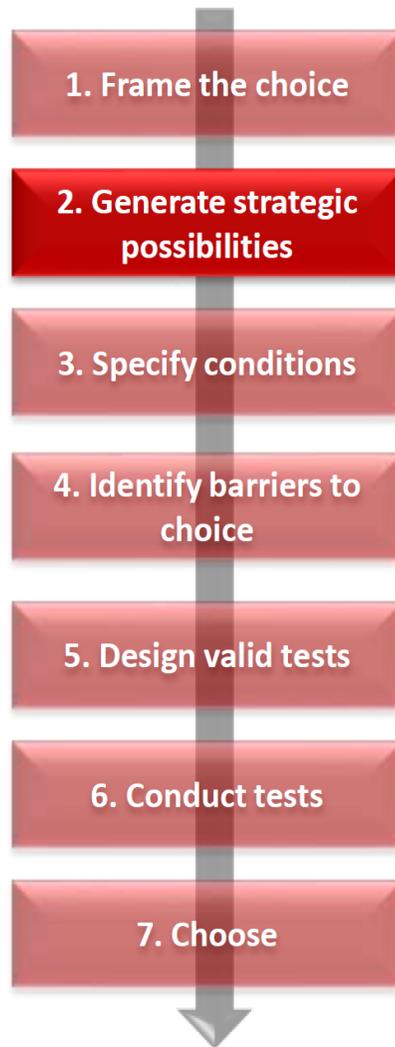
Reverse-Engineering Process



Framing and articulating a choice provides a gut-check for team members. It enables them to feel the emotional consequence of an alternative by crystalizing the issues and making possible courses of actions immediately and meaningful.



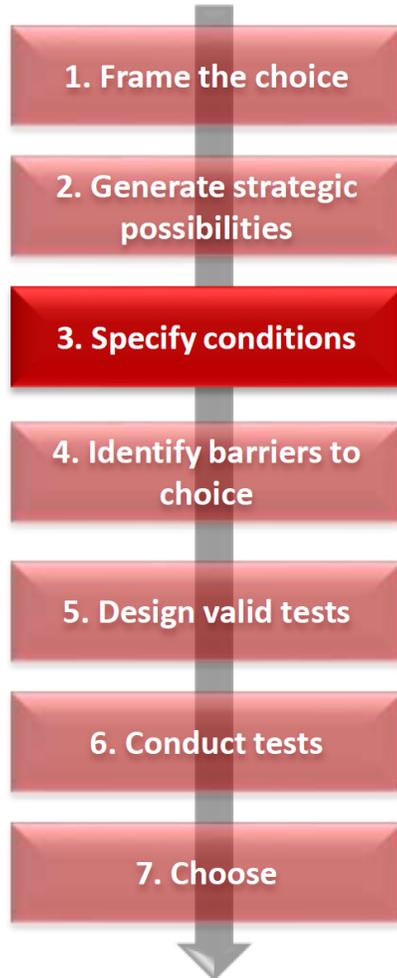
Reverse-Engineering Process



Strategic possibilities should then be broaden. New possibilities may related to one of the previously identified options (amplifications or nuances) or expand. Note: At this stage creativity and out-of-the-box thinking should be encouraged and no suggestions should be trivialized or dismissed.



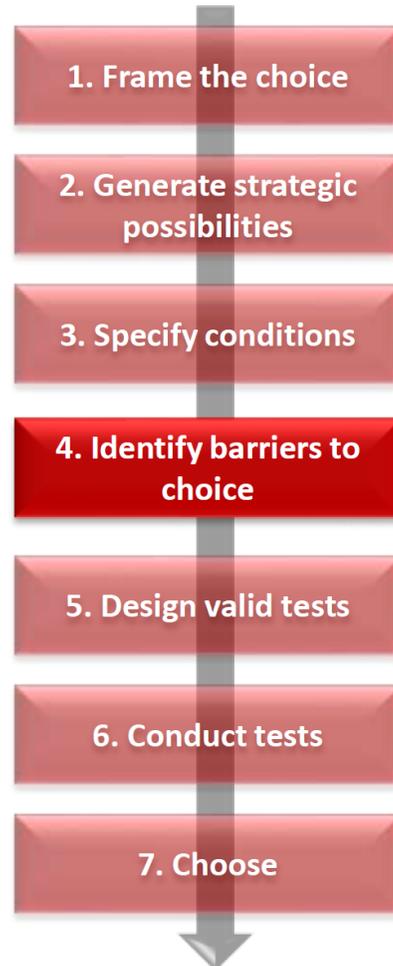
Reverse-Engineering Process



In the reverse engineering process, skeptics must specify the exact source of their skepticism (through a condition) rather than a vaguely disagreeing with a possibility. This approach helps the possibility's proponents understand the reservations of the group, reduces the power of personal agendas, and creates a standard of proof to address them.



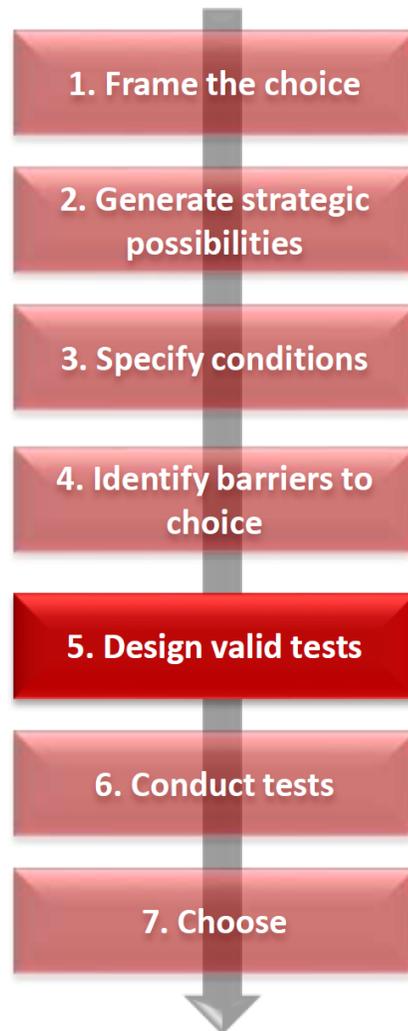
Reverse-Engineering Process



Distinguishing nice-to-have conditions from must-have conditions is critical at this stage. This is the first time in the process that team members are able to be critical of conditions, not strategic choices. It is extremely important to pay close attention to the team members who are the most skeptical/critical of a given condition.



Reverse-Engineering Process



Once key barrier conditions are identified, they must be tested in ways the entire group finds compelling. The most effective approach is to have the condition's greatest skeptic design the test for that condition – if they're satisfied, everyone else (who is defined as less skeptical) will most likely be satisfied.



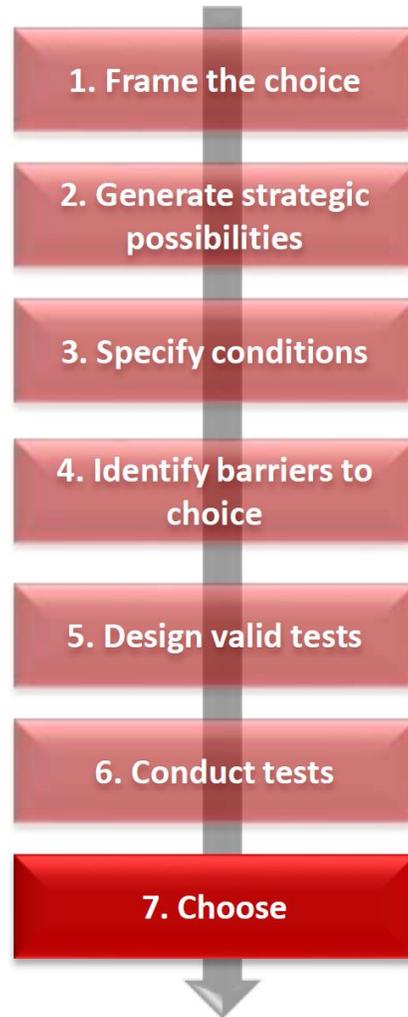
Reverse-Engineering Process



To be cost-effective, conditions should be tested in least-likely-to-be-true order. If the team's suspicions are correct, the possibility will be eliminated without having to test all of the conditions.



Reverse-Engineering Process



The final step in the reverse-engineering process is to choose. At this stage only viable strategic options remain, as all other possibilities failed to pass their barrier-condition tests.



Reverse-Engineering Process

Dos and Don'ts

- Don't spend a lot of time analyzing up front.
- Do frame a clear and important choices.
- Do explore a wide range of where-to-play and how-to-win possibilities.
- Do stay focused on the most important question (what would have to be true for this to be a winning possibility?).
- Don't forget to go back and eliminate any nice-to-have conditions.
- Do encourage skeptics to express their concerns.
- Don't have proponents of a given possibility set and preform the condition tests.
- Do test the biggest barrier first.

Summary

- **Strategy needs to be “re-framed” as an important, unique management tool**
- **Plans are NOT strategy**
- **Techniques or methods to accomplish improvements are not strategy**
- **Strategy involves important choices**
- **The choices can be “de-risked” to create confidence via a “reverse engineering” process**
- **Strategy is dynamic**

- **Sessions 8 (10:30 - 11:30)**

- Strategic Planning - Truth or Dare

- Michael Alfonsi - Exela Technologies

- All executives know that strategy is important. But many find it uncomfortable and accuse it of being burdensome and weak. The reality of setting “strategy” is that it forces the leader or leadership to confront a future about which they can only guess. However, the REAL underlying fear in crafting any strategic plan -- is that it forces the division owner to choose “a” strategy. That itself entails making decisions that explicitly cut off all the other potential possibilities. Key take-aways will be how to candidly assess the true efficacy of your strategic planning process; how to quickly assess research and analyst sources; how to make a contribution to the strategic planning process that will demonstrate that you have “the right chops” to lead your component; and several quick methods to cut to the chase in assessing options, prioritizing them, and presenting a key recommendation to senior management.