

***JEAN ROBERTS***

***UPDATE***

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(to be read while enjoying your favourite coffee, tea or red wine!)

***PLANNING FOR AN  
UNCERTAIN FUTURE***

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***Let's look at the 'uncertain future'***

**Some definitions of 'uncertain'**

- Not able to be accurately known or predicted
- Not sure or confident about
- Not precisely determined or decided
- Not to be depended upon
- Liable to variation, changeable

**Some definitions of 'future'**

- The time 'yet to be'
- Undetermined events that may occur in that time
- Likelihood of a later and different situation or condition

***The most important fact in preparing for an uncertain future is the here and now – which is:***

- Able to be accurately known and understood
- Able to be sure and confident about
- Precisely determined and decided
- Able to be depended upon
- Basis for variation or change
- Basis for moving into the future – whether certain or uncertain

**Planning for an uncertain future begins with knowing and understanding what's happening today!**

***Know and understand your business or organisation as it is today through the lens of RISK***

**Key concepts and definitions – pertaining to risk**

**Risk**

The possibility of incurring misfortune or loss

In service management or investment decisions, risk refers to the probability of an adverse consequence or outcome: the adverse consequences are also known as the 'down side' of a decision

- know the nature, level and extent of risk you are willing to accept
- the nature and extent of risk is quantified by the effect of a risk should it occur

**Strategic risk** – internal or external factors likely to negatively affect or impact on the organisation's chances of achieving its strategic objectives and direction

**Operational risk** – factors likely to negatively affect or impact on service design, delivery and conformance/consistency

**Financial risk** – factors likely to negatively affect financial systems, management or monitoring; the organisation's funding and financial base; or the financial viability of the organisation

**Corporate risk** – factors that could lessen the effectiveness, efficiency or humane-ness of the indirect or support functions, programs or activities

**Governance risk** – factors that could negatively affect the governing body's legal duties, obligations or responsibilities in relation to the health and wellbeing of the legal entity

**Research risk** – factors that could negatively affect the effectiveness, efficiency or reliability of an evidence-base or needs-base to support sound decision-making

**Technological risk** – factors that could negatively affect IT/information or communication systems within or from the organisation

**Stakeholder risk** – factors that could negatively affect internal or external relationships with parties who have a stake or an interest in the processes or outcomes of the organisation's affairs and activities

**Risk assessment**

The process of measuring potential deviations from a given outcome

- risk avoidance and risk management depend on quantitative and qualitative risk assessment
  - identify the nature, level and extent of a potential risk
  - assess the source, causal factors as well as the effects of a potential risk
  - isolate the factors that could possibly contribute to the likelihood of a potential risk and set policies, procedures and work practices in place to either avoid or manage such potential risk

**Risk probability**

The chances of a risk decision producing a particular consequence: risk probability is usually expressed as a percentage, eg a 70% chance of success (or conversely, a 30% chance of failure)

- there are some risks that you may not be able to avoid, ie where you have neither control or influence over the possibility of risk
  - **risk avoidance** is possible where you have control and/or influence over the causal or contributing factors of a potential risk; and must result in successfully anticipating and therefore avoiding the identified risk
  - **risk management** is necessary where you do not have control or influence over the causal or contributing factors as well as the effects of a potential risk; and

must result in successfully managing an identified risk with the least possible loss to the stakeholders

**Risk consciousness**

The extent to which all persons at all levels within an organization are conscious of the likelihood of risk and are appropriately familiar with organisation-wide strategies to identify and rank the likelihood of risk

**Risk aversion**

Avoiding a decision on the basis of the likelihood of risk

**Action required**

Planning for your future requires knowing and understanding whether – how – and how well – you are managing risk today

***Know and understand your business or organisation as it is today through the lens of INNOVATION***

**Critical factors – pertaining to innovation**

- Language – do you have a corporate glossary of terms to ensure that everyone in your organisation or business knows and understands the correct interpretation (ie 'corporate' use) of key words in such vital activities as brain-storming, discussion, decision-making, planning, reporting and evaluation
- Motivation – there will be some of your people who are motivated by change and innovation: others who will be motivated by maintenance and consolidation: individual job satisfaction means balancing the needs of the individual with the demands of their role in the organisation
- Authority – is there a policy and procedure for delegation of authority throughout the organisation: this means that each person in your business or organisation knows and understands the authority delegated to their position, to whom they are accountable, and how and how often they are to report
- Parameters – people need to know and understand the boundaries, limitations, constraints within which they are expected to manage or operate: these can be developed, communicated and monitored in a positive manner to ensure that innovation is not only doing new things, but doing the same things differently
- Decision-making – there are seven categories of decision, ranging from routine through to complex: is there a policy and procedure to guide decision-making to ensure that routine decisions are handled routinely, and complex decisions are handled through consultative, sensitive and supervised processes
- Degree of difficulty – a person with a high level of maturity may accomplish a task with greater ease than a person with a low level of maturity in relation to the task: an easy definition that can be applied at any level in any organisation is to define maturity as a balance of competency (knowledge, skill, ability), confidence (usually resulting from prior experience or practice), and comfort (with a context with which the person is at ease, respected and able to question as and when necessary)
- Degree of trust and openness – these don't happen by themselves, they are responses to a situation which can be real or imagined. If a person is told, finds out or thinks they have made a wrong decision, their self-trust could take a nosedive; if an employee thinks their manager has compromised them, the employee will think their trust was misplaced or mis-treated; if a supplier loaded their proposal toward the product they wished to supply rather than the product you need or have ordered, you will find it hard to trust that supplier again. Future trust AND openness both suffer as a result.

- Continuity and availability of key persons – does your organisation or business have a succession plan that caters for key persons, key positions, and key persons in key positions
- Celebrating achievement – it is not unusual to find people celebrating activity rather than achievement: it is easy to be busy, not so easy to be productive
- Lateral thinking and innovative energy – lateral think is frequently seen to be creative, intuitive, conceptual and ‘off the page’ or ‘outside the box’: however, many people create technically – in a structured, logical, intellectual manner. Don’t limit your expectations of innovative energy, just be ready and able to recognise it in whatever form it presents itself

#### **Action required**

Planning for your future requires knowing and understanding whether – how – and how well – you are managing innovation today

#### ***“The Hinge Factor***

#### ***- how chance and stupidity have changed history”***

This is the title of Erik Durschmied’s 1999 book, published by Coronet Books, Hodder & Stoughton.

Here’s an extract from the back cover:

*From the wooden horse of Troy to the Gulf War, military history has been as much marked by chance and error as by gallantry and heroism. Erik Durschmied’s entertaining view shows how many conflicts have been decided by the caprice of weather, bad intelligence, or individual incompetence. In military terms, the incident that swings a battle from victory to defeat in a moment is known as the Hinge Factor.*

The Prologue commences with this quote:

*‘Chance and uncertainty are two of the most common and most important elements in warfare’*

#### **Action required**

Just substitute ‘business’ or ‘community development’ for ‘warfare’, and you have a critical message for planning for an uncertain future

#### **Let’s apply the Hinge Factor as a planning tool in this Case Study:**

The Board of Wise Services Incorporated, together with their Manager, discussed and decided to undertake a community needs assessment to determine existing gaps in service availability and delivery that could provide the basis for a submission for HACC funding in the next funding round.

**Hinge factor 1:**        If the Board and Manager were not working together in this community-wide innovation, it is inevitable that an incident would occur that would threaten the effectiveness of their working relationship.

The Manager assured the Board that the Staff would be able to commit the equivalent of five days to this assessment, and that they were already familiar with a Community Needs Assessment model that would enable true facilitation of a process that would be:

- a) philosophically acceptable to the community itself and active participants, and credible with sponsoring organisations and funding sources, and
- b) sensitive in its dealings with all people, groups and organisations involved.

**Hinge factor 2:**        If the Board and Staff had proceeded without considering the unique factors, needs and interests of their local community and community services, it is inevitable that an incident would occur that would threaten their own reputation and credibility – and that of Wise Services Inc - within their own community.

The Board, Manager and Staff regarded the Community Needs Assessment as an innovation, and developed the following innovation strategy to guide their decisions, actions and relationships:

Stage 1 Preparation, including development of relevant partnerships

Stage 2 Trial

Stage 3 Observation

Stage 4 Refinement

Stage 5 Undertake Assessment

Stage 6 Review the total experience

Stage 7 Review their knowledge and understanding of the community

Stage 8 Apply this knowledge and understanding to preparation for the funding round

**Hinge Factor 3:** If the Committee, Manager and Staff had proceeded without an agreed innovation strategy, it is inevitable that an incident would occur that would disorientate the process, create a climate of distrust and contribute to a general disinterest in further innovation

### ***The concept of momentum as a planning tool***

**The speed with which change is introduced can be a crucial factor in its success.** The best advice I can offer is to heed the concept of MOMENTUM where there are three basic components –

- the size of the object,
- the speed with which it is moving, and
- the direction in which it is moving.

If you transfer these components to the introduction of change, you are looking at:

- the size of the change – the amount of change and the degree to which the organizational environment is going to be affected by the change,
- the speed of introducing the change - the amount of preliminary discussion, preparation and planning, and
- the direction in which the change is taking the organisation - the purpose and vision you are working to achieve in the grand, as well as this immediate, plan.

**Change which grows out of analysis and identification of the status quo** will, of its very nature, respect the three components of momentum and will develop its own genuine self-induced momentum. However, imposed change can bring about disruption and disquiet: transplanting change from someone else's context can be disastrous; and forced change can be treated with a mammoth lack of enthusiasm.

**Be aware that change can be introduced or imposed in such a way that it is seen to be moving too far, too fast, and too soon.** In this case, people will fall away and behind, their interest and support will disintegrate and you will find yourself – as the initiator or facilitator of such change - stranded and isolated. If this should happen, the task of regaining that ground will be difficult and daunting, to say the least.

#### **Action required**

How much change is taking place today in your organisation or business?

Is each change given sufficient and adequate time to be planned, trialled, refined, resourced, introduced, and evaluated?

Is each change taking your business or organisation toward the desired future?

## ***Risk and Quality are two sides of the one coin***

### **How does risk management align with quality?**

A risk factor is present where there is a likelihood that a **product or component** will have to be:

- **re-worked** - requiring further attention and therefore involving further cost and inconvenience, or
- **replaced** - resulting in loss, wastage or inconvenience.

A risk factor is present where there is a likelihood that a **service or program** will be:

- **ineffective** – ie unable to achieve the purpose for which it has been designed
- **inefficient** – ie result in or contribute to an unwise use of resources, or
- **sub-standard** – ie failing to meet or comply with advertised or required quality or standard of delivery, process or outcome.

The basis of quality is that there are:

- consistent and replicable standards relating to cost, delivery and quality of each activity, service or program, with procedures and systems in place to ensure continuous improvement
- procedures and systems in place to ensure consistency and replicability of improved standards
- procedures and systems in place to identify, assess and address risk factors, and
- procedures and systems in place to either avoid or manage risk

#### **Action required**

Does your organisation or business have a defined quality system?

Is there a procedure for quality assurance and quality control?

Is there a procedure for continuous quality improvement?

Is each person working within your organisation or business responsible for the quality of their own work?

## ***Information Technology and Technology in general***

This aspect of an organisation or business has an extremely high risk potential. Every organisation deserves and demands an ongoing risk management and avoidance process and system particularly designed for the manner to which IT and technology are purchased, used or applied within the organisation:

- risk can occur through the lack of comfort, confidence or competency of individuals and teams in their dealings with or through IT or technology
- risk can occur through the inadequacy, over-sophistication, inappropriateness or unreliability of the separate components of IT/technology or the manner and extent to which the separate components create or display reliable compatibility
- risk can occur through the wide range of factors within or affecting the environment within which IT/technology exist or co-exist and within which individuals and teams interact with these systems

#### **Action required**

How much change is taking place today in your organisation or business?

Is each change given sufficient and adequate time to be planned, trialled, refined, resourced, introduced, and evaluated?

Is each change taking your business or organisation toward the desired future?

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