



# Performance Capital Services Newsletter

***Organizing Complexity into  
Execution!***

**April 2008**

## **In This Issue**

Strategic Turbulence

---

## **Quick Links Our Website**

**[We have added an  
expansive list of U.S.  
economic indicators, key  
interest rates, U.S.  
consumer interest rates  
and interactive charting!](#)**

**Dear Tony,**

The objective of our newsletter is to provide strategic news and analysis for financial services and banking leaders regarding current and future market conditions, strategic positioning and execution as it relates to organizational strategies.

The underlying assumption at all times is that the markets continue to become more complex, change faster, and require better thinking and aligned execution for companies to meet their goals.

Sincerely,

Tony Pallante

## **Strategic Turbulence**

In this month's newsletter we'd like to talk about strategy, alignment and focus.

Turbulent market conditions in the financial services industry are driving a number of organizational reactions that have the tendency to push companies out of alignment and distort organizational focus.

In the immediacy of demands for expense reductions, revenue enhancements, process and technology improvements, loss mitigation efforts and capitalization; multiple projects begin proliferating throughout the organization. Each project, on its own, is designed to address an important organizational issue or opportunity (or should be taken off the table anyway) and leaders believe they need to be dealt with urgently. These projects gain momentum through the vetting process and once initiated begin to draw on people and cash resources.

In a reasonably stable market environment, companies strain to be sure that these projects

and priorities are aligned to the strategic direction of the organization and that resource expenditures are reasonable. Additional complexities are introduced in the current market environment due to an extreme demand for implemented project benefits coupled with the tightly constricted availability of people and capital.

In highly disruptive conditions, it is even more imperative for leaders to continually understand and agree upon where they are guiding the company and understanding what it will take to get there.

**Strategy is not fixed. Strategies change as markets shift and differing risks or opportunities present themselves, and assumed outcomes become fact or fiction.**

This is not simple. It is in fact where organizational complexity can overwhelm the people responsible for managing the business. There are just too many moving parts to be handled on the back of a napkin (facetiously of course) and *high performing organizations have to think about "how to think about and order" these complexities before acting on their ever conflicting demands.* A well thought out, disciplined structure brings order to the decision making in the same way a microprocessor does to millions of bits and bytes of data in a computer. It is the purpose of bodies of work such as the Balanced Scorecard Process and others that help codify direction, purpose and alignment.

## **Project Superballing**

Some companies exhibit skilled competencies in project management and many have the depth of disciplines like 6 Sigma available to them. They are adept at taking leaderships diagnosis of

issues, analyzing the problem, investigating the solutions, preparing project proposals and plans with all of the latest tools at their disposal. Other companies are not. The point I'm trying to make here is that while these competencies are extremely desirable in any organization, they are not nearly as important as making the right decisions about which projects to pursue, to what breadth and depth, at what inclusive cost (people and capital) and in what order, to move the needle towards meeting strategic goals.

### **Which Projects to Pursue?**

The "right" projects are those that have the greatest impact on the highest priority objective or multiple strategic objectives. This of course assumes that an organization has planned and prioritized what those objectives are. If objectives are known, each initiative and the projects that are generated from them can be prioritized against this touchstone.

### **To What Breadth and Depth?**

The incredible pressure on resources requires that projects be rationalized to a level of impact that is "good enough". I am not referring to "scope creep", which is an ever-present control issue, but rather the senior level prioritization *within* the project development process. The more that an organization tries to push into each project, the more resources it draws on, the greater the complexity, and the lower the chance of a successful implementation. A sharp pencil here will allow more focus and accelerate the availability of resources for more projects.

### **At What Costs?**

There is a tendency to major in projects in terms of actual cash outlays and minor in the soft dollar costs to the organization. It is quite common that these "strategic projects" tend to draw on the same but limited number of subject matter experts inside the organization. These pivotal experts also tend to be the people

managing significant responsibilities within the business. Expanded incursion on their time must be balanced against other competing business needs within the prioritization process.

Careful consideration to these factors is needed in order to achieve organizational focus. As an example, in many cases when all of the analysis is done, it may appear to senior managers that there is an opportunity to complete the top 5 projects with some "organizational stretch" over the next 12 month period if they push the people and tightly manage the plan. The issue here may be that the additional layered complexity of the last two projects is so strenuous (layered volatility) that none of the projects receive the appropriate focus to complete them, or complete them properly. A more effective decision would have been to limit the focus to the top 3, then move on to the next carefully prioritized initiatives.

The PCS Performance Management Maturity Chart provides a scorecard to broadly evaluate your organizations progress towards a high performance culture. [Click here to view the PDF file.](#)

### [Performance Capital Services](#)

**Performance Capital® Services ("PCS") is a strategic management consulting company specialized in helping financial services companies achieve results through strategic planning, modeling and implementation.**

**Our Strategy-Cycle-Strategy approach recognizes the requirement to set your business strategy, to integrate the plans into daily operations, to forecast the results, to monitor and measure the outcomes and to adjust the plans on a real time basis.**

[Forward email](#)

✉ **SafeUnsubscribe®**

This email was sent to [tony@performancecapital.com](mailto:tony@performancecapital.com), by [tony@performancecapital.com](mailto:tony@performancecapital.com)  
[Update Profile/Email Address](#) | Instant removal with [SafeUnsubscribe™](#) | [Privacy Policy](#).

Email Marketing by



Performance Capital Services, LLC. | PO Box 617 | Silverado | CA | 92676