

# Creating a customer-focussed strategy that delivers real outcomes in today's complex world

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## The complexity of the modern world means that organisations must focus on diverse long term outcomes

The world is accelerating. Over the past decade, the rate at which knowledge and technology becomes obsolete has skyrocketed, the globalised economy looks increasingly interconnected yet fragile, and disruptive forces have sent shockwaves across all facets of society. These conditions have created the increasingly complex landscape in which leaders across the public and private sector now operate. Systems are becoming more interconnected and unpredictable and as a result, organisations are facing increasingly frequent change, issues and opportunities. When things that used to be kept separate begin to mingle with one another, it becomes far more difficult to predict what is going to happen next.

Because we live in a more complex, ever-changing world, more and more organisations are being challenged to think differently about the way they approach their strategy. The public now demands organisations think more broadly about social, environmental, economic and cultural outcomes and the impact they are having. Organisations are being challenged to:

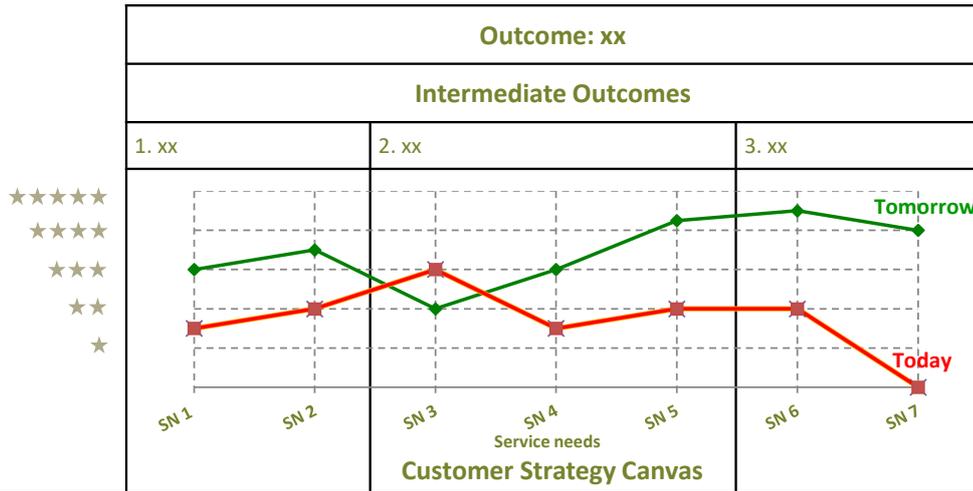
- Demonstrate the broader impacts they are having on high level outcomes that are influenced by a multitude of factors beyond economic and financial
- Work across traditional organisational boundaries with partners to deliver on joint outcomes which no organisation could achieve alone
- Define the unique contributions made by individual business units to achieving lofty long term organisational or sector goals

## The traditional three-year siloed strategy planning approach isn't always the best approach in this day and age

Given these challenges, the traditional strategy approach adopted by most organisations which focuses on creating a clear vision for their business, strategic goals, and a set of strategic initiatives to achieve them, doesn't enable them to determine how they will deliver on their outcomes. The traditional approach is useful for determining how an organisation can improve internally to deliver for its customers, but it doesn't easily allow entities to determine and demonstrate the impact they are having externally.

As a consequence, many organisations default to a "leap of faith" between the investments they make in their business, and the outcomes they are aiming to achieve. The bit in between tends to be filled with vague goals, uncoordinated plans, erratic innovations and disjointed solutions.

**MSH’s outcome strategy framework approach puts the customer at the centre so that strategy doesn’t become an academic exercise**



- **Outcome:** The end result you are trying to deliver for New Zealanders
- **Intermediate Outcomes:** Intermediate outcomes are fundamentally derived from the challenges or opportunities that the organisation is facing
- **Customer Strategy Canvas:** Visual representation of the strategy from the customers point of view, outlining their needs and the service offerings to deliver on the outcomes
- **Activities:** Outlines the discrete activities each entity needs to carry out to “move the dial”
- **Initiatives:** One off capability-building projects and workplan initiatives that need to be invested in, that enable you to move from delivering the today state offering to the tomorrow state offering on the canvas

Activities						
Entity 1	i. X					
Entity 2		i. X			i. X	
Entity 3			i. X			i. X
Initiatives						
Initiative A	✓	Service need with no initiatives – more ideas will need to be generated	✓		✓	
Initiative B				✓		✓
Initiative C			Initiatives aligned to no service needs – does not contribute to this result			
Initiative D			✓			
Initiative E						

**The outcome framework provides the defensible intervention logic so that you can be confident in the impact you are having**

The outcome framework sets out the strategic context the organisation is working in, and provides a clear line of sight between the strategic initiatives and upstream outcomes that allows you to make sound business investment decisions. Most businesses fill in the void in their strategic thinking when developing a business case for an investment by identifying the costs and benefits of an investment in isolation of a holistic view of the organisation’s strategy. The intervention logic that is needed to develop sound business cases can come straight off the outcome framework.

“Who” is delivering “what” can be expressed at the activities perspective of the outcome framework, so that everyone can see their unique contribution to achieving the outcomes. This is especially important when you are working with external partners, or across business units.

At the initiative perspective, the outcome framework allows you to identify the capability-building initiatives that will enable you to satisfy the needs of your customer and close the today/tomorrow service gap. The outcome framework approach also enables you to test the rigour of your existing change programme by identifying:

- Initiatives aligned to a service need
- Initiatives with no service need
- Service need with no initiatives

Where service needs have no initiatives, the outcome framework enables you to think creatively about how you can move from delivering the today state offering to the tomorrow state offering on the canvas.

### **With the intervention logic clear, measuring success becomes more straightforward**

We see many public sector organisations grapple with the challenge of quantifying their progress in achieving broad outcomes. MSH's outcome framework approach provides the foundation to overcome this challenge. Once you have clarity around the key linkages in the strategy, you can develop lead and lag measures for each perspective of the framework so that you can monitor progress against delivery on the outcomes. Most outcome measures are "lag" indicators of success, so to ensure that you remain on track to achieving the outcome, we suggest organisations develop a series of "lead" indicators at the customer, activity and initiative perspectives of the outcome framework. This allows you to measure more frequently so that you can give assurance you are on track to deliver your outcomes.

### **A robust outcome-focussed strategy takes the guesswork out of decision making**

The MSH outcome framework approach provides the strategic clarity that is often missing for organisations that work across traditional boundaries with internal and external partners to deliver on joint outcomes. The outcome framework outlines the intervention logic so that leaders can be confident in making sound investment decisions that are based on the needs of the customer and will have the greatest impact for achieving their desired outcomes. No longer will it be a guessing game!

Contact Details:  
MSH Consulting  
Level 14, 80 The Terrace, Wellington  
PO Box 5570  
[www.mshconsulting.co.nz](http://www.mshconsulting.co.nz)