

Objectives and Objective Centered Decision Support

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“When you decide between options, what are you really deciding?”

Lots of tool
references

Bill Haskett
Managing Director
Haskett Consulting International

Special Facilitator
Tips

“Would you tell me, please, which way I ought to go from here?”

“That depends a good deal on where you want to get to” said the Cat

“I don’t much care where -” said Alice

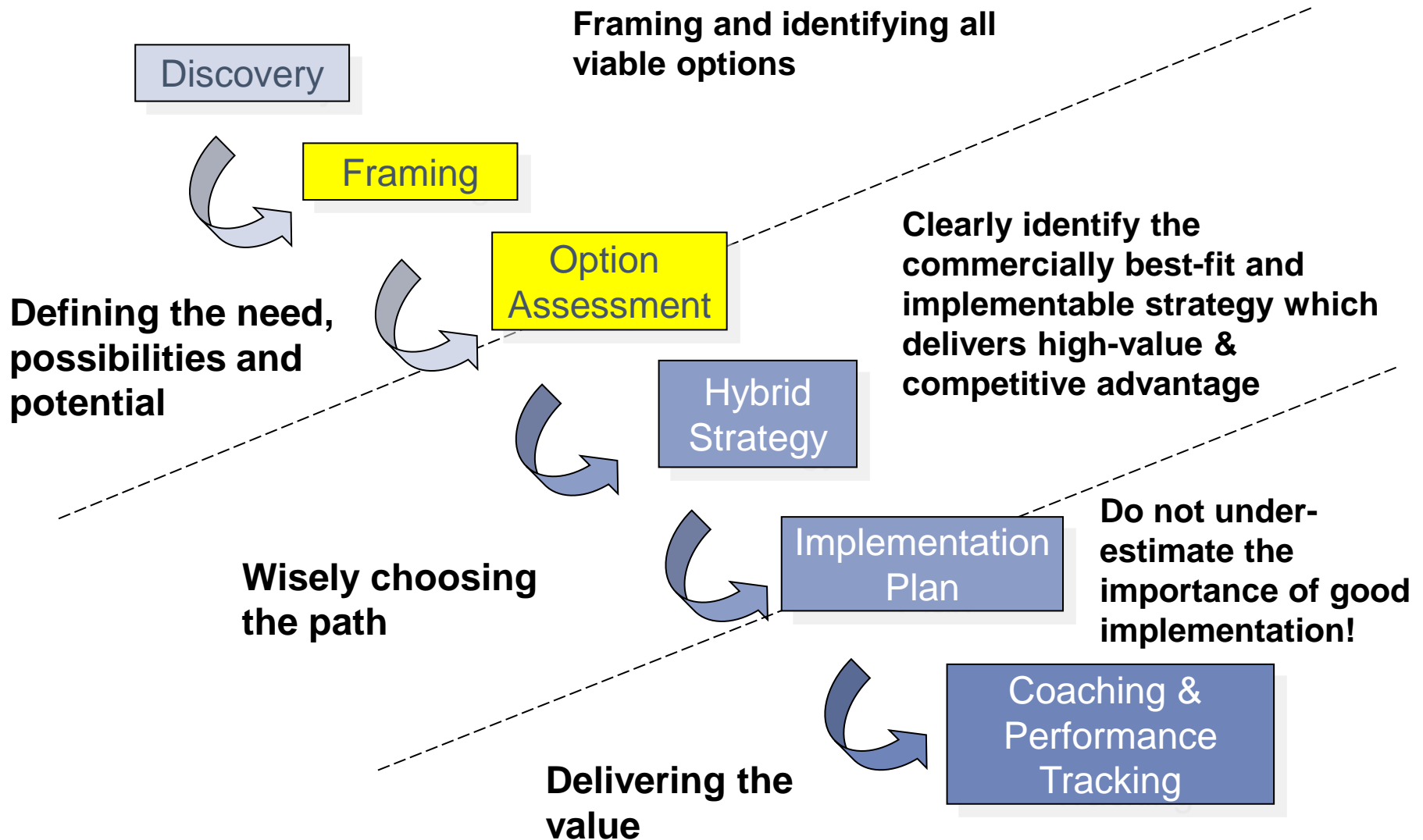
“Then it doesn’t matter which way you go.” said the Cat

“- so long as I get somewhere,” added Alice as an explanation.

“Oh, you’re sure to do that,” said the Cat, “if you only walk far enough.”



Decision Support Process



Basics

Start with your Success Statement.

Assess where your value originates.

Are there any obvious priorities?

Stay Qualitative as long as you possibly can.



Four Questions for every occasion...

1. Is it Material?

Does it make an important difference, or does it

What are your material Objectives?

2. Can you do anything about it?

Can you eliminate the risk or reduce the uncertainty?

Can you influence their outcome? How?

3. Is it worth doing anything about?

Is there a Value of Information, value of Control, or Value of Flexibility?

Can you afford to influence their outcome?

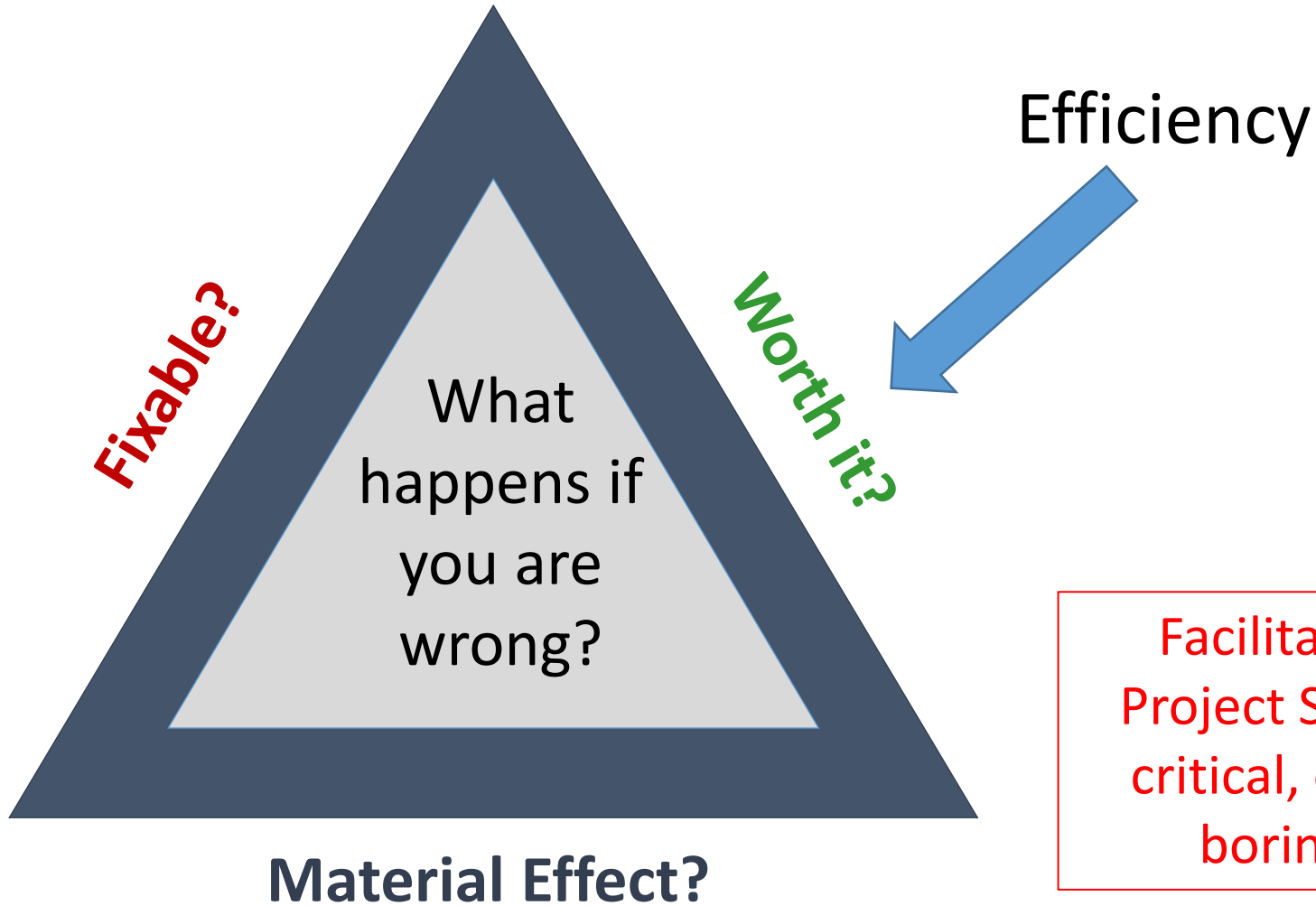
4. What if you are wrong?

What threats does it open for the company or project? How can you mitigate them?

Think through your contingency Objectives. Remember, Risk is asymmetric!



Triple-Check Your Frame...

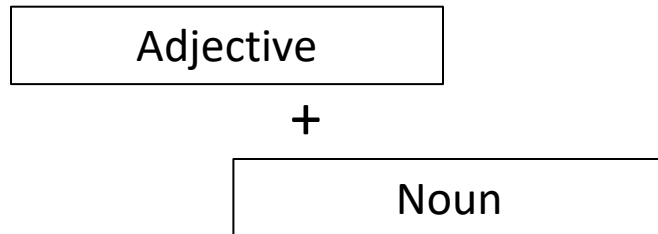


Facilitator Tip:
Project Scoping is
critical, even the
boring bits



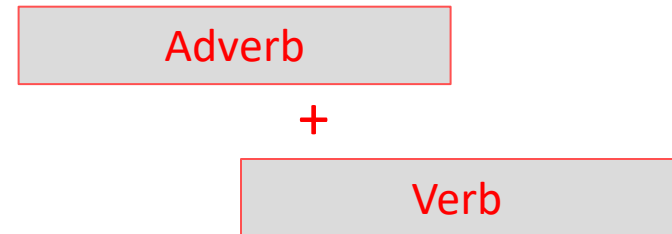
The ideal Objective:

Two words: (at least try for two words)



“Maximize Efficiency”

Rarely – Try to avoid



“Execute Efficiently”

“Illegal Objectives”

- Anything that includes the word “Optimize”
- Single word Objectives
 - “People”, “Win”, “Technology”
- Ambiguous Objectives
 - “Succeed Soon”, “Do well”

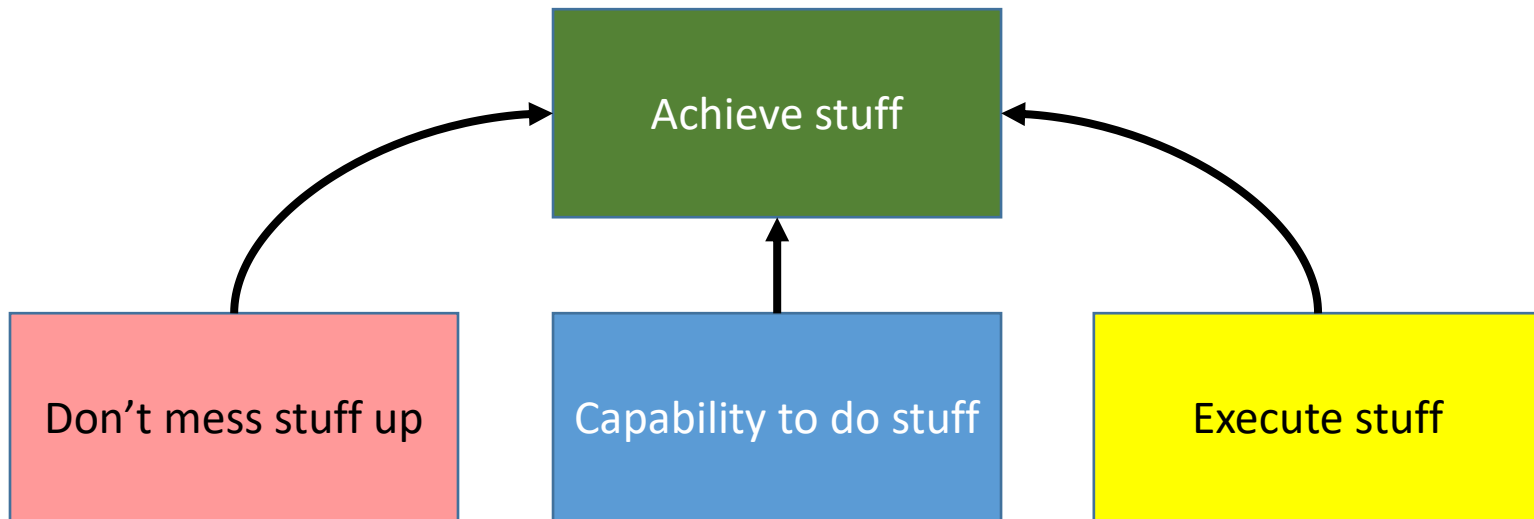
Facilitator Tip:
“Efficiency” will
never be a
bottom level
Objective.

Any ideas why?



General Objective Categories

In addition to pure success source objectives:



External:
Environment and
safety, relations

Internal: HSE, threat
handling,
competitive
advantage

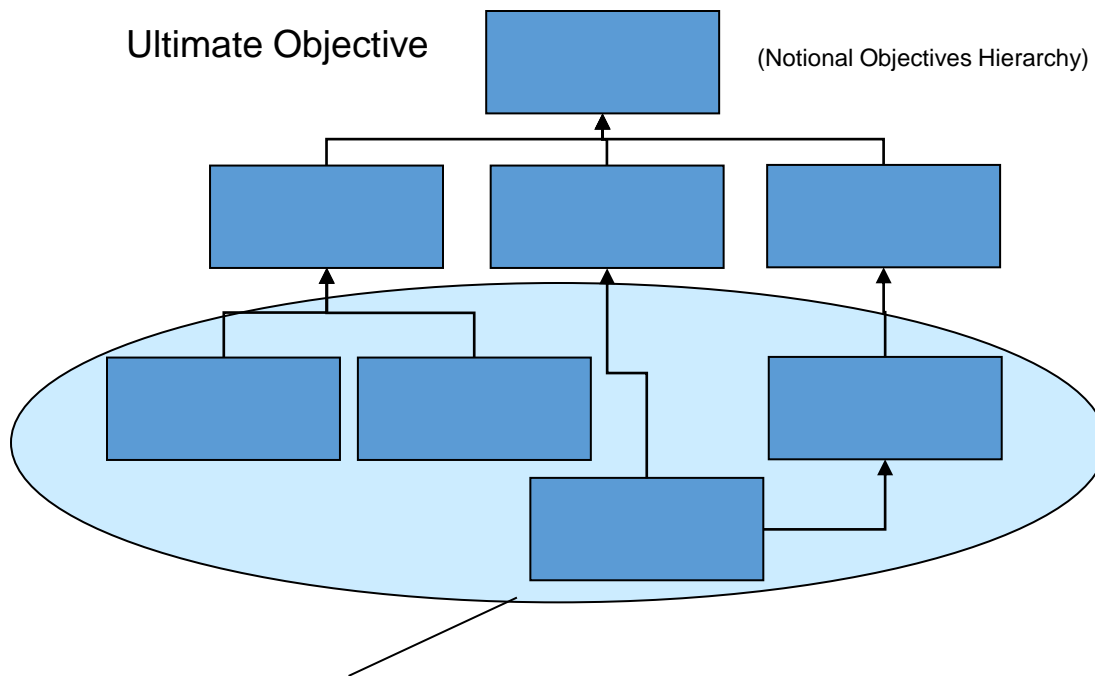
Skills, staffing,
systems support,
technology,
competitive
advantage

Functional / process,
sizing, technology
implementation,
competitive
advantage



Objective Hierarchy

Of primary importance is alignment on objectives. No strategic effort is practical or successful without such alignment.



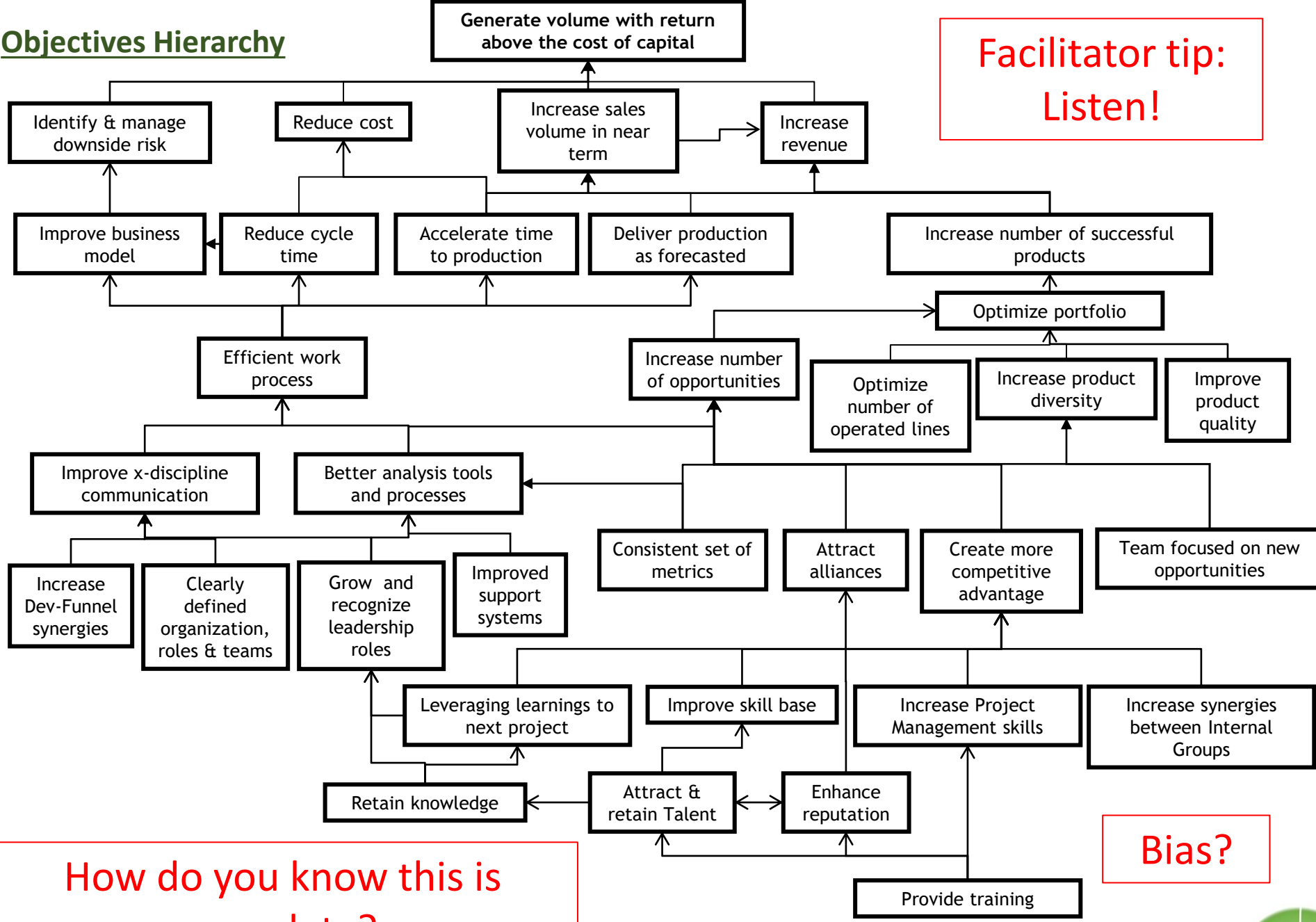
Look for Objective trade-off - The balance between competing or conflicting objectives. The successful strategy will manage trade-offs.

Foundation objectives are the base objectives that the strategic options are mapped against. They may include more than just the Means Objectives

Facilitator Tip: Foundation? Means? Don't worry too much about the distinction as other elements are more important.



Objectives Hierarchy



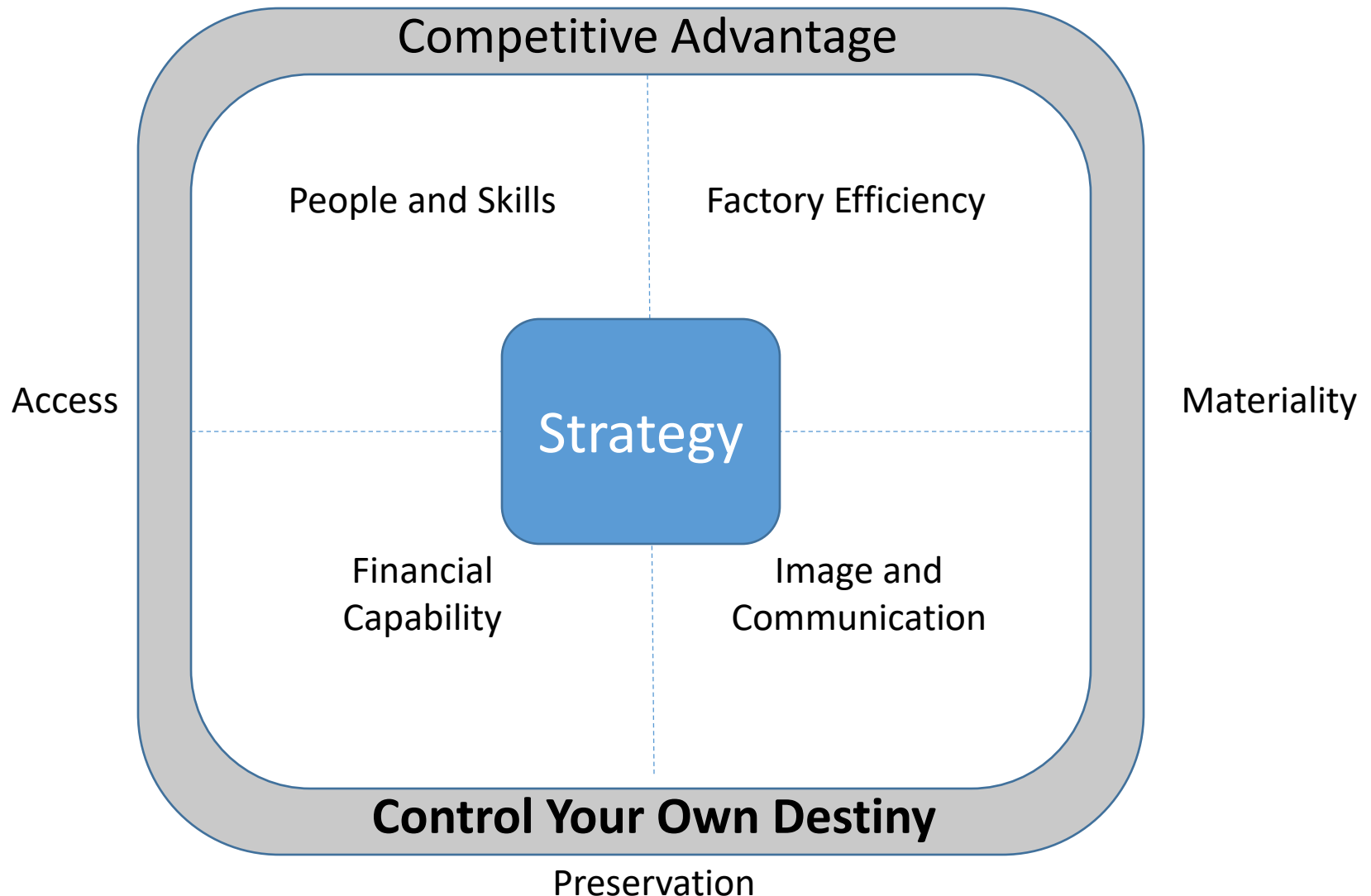
Facilitator tip:
Listen!

How do you know this is complete?

Bias?



Manage Your Strategy



Facilitator tip: Remember strategies are positions/pathways to achieve Objectives



Four Strategic Management Arenas

"Product"

Management of the technical execution and production results.

"Financial"

Management of Capital, Cost, and Revenue

"Office"

Management of the internal systems and structure of the organisation, especially the workflow and commonality of purpose.

"Social"

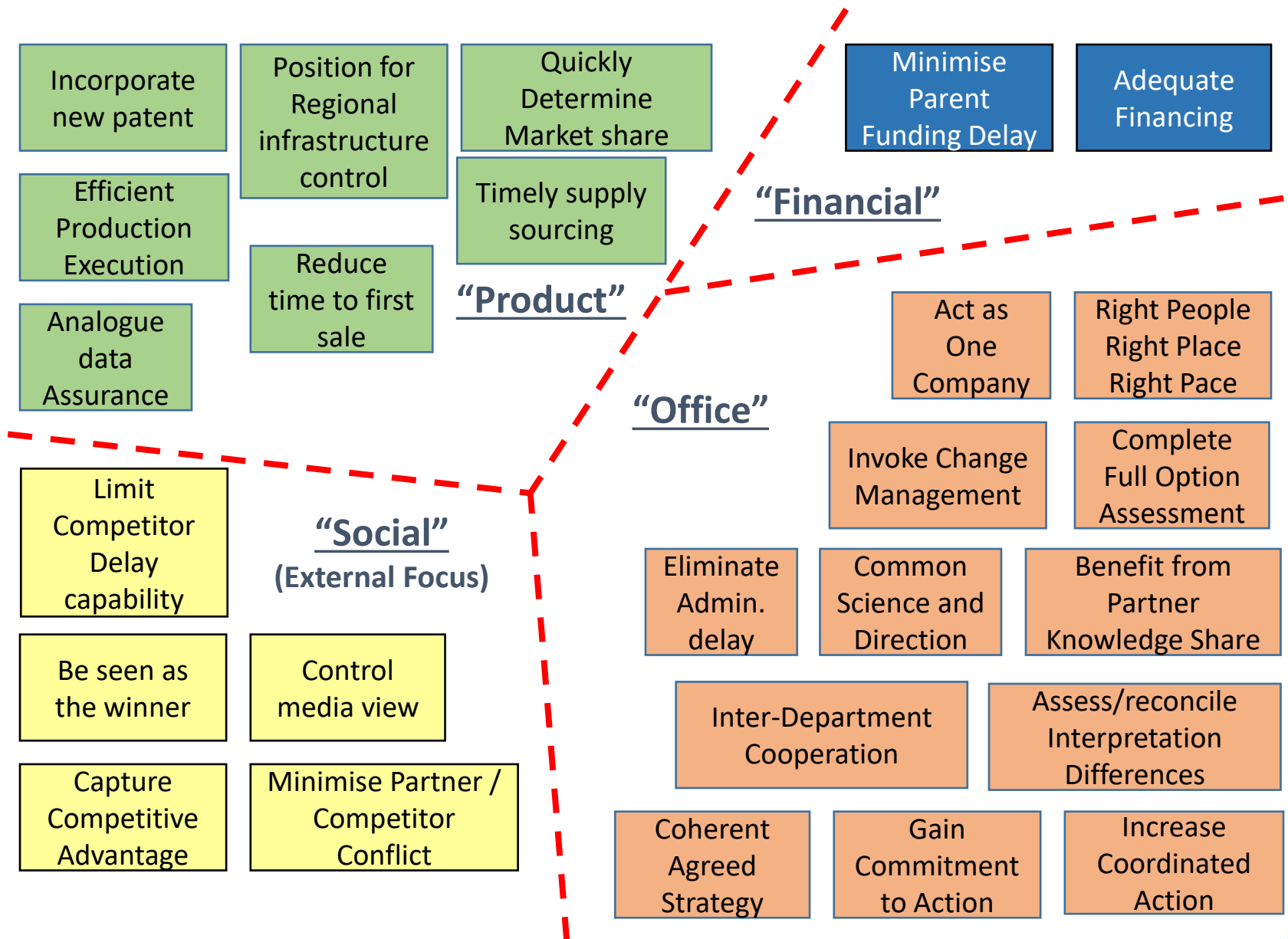
(External Focus)

Management of how the Company works with or is viewed from external entities.

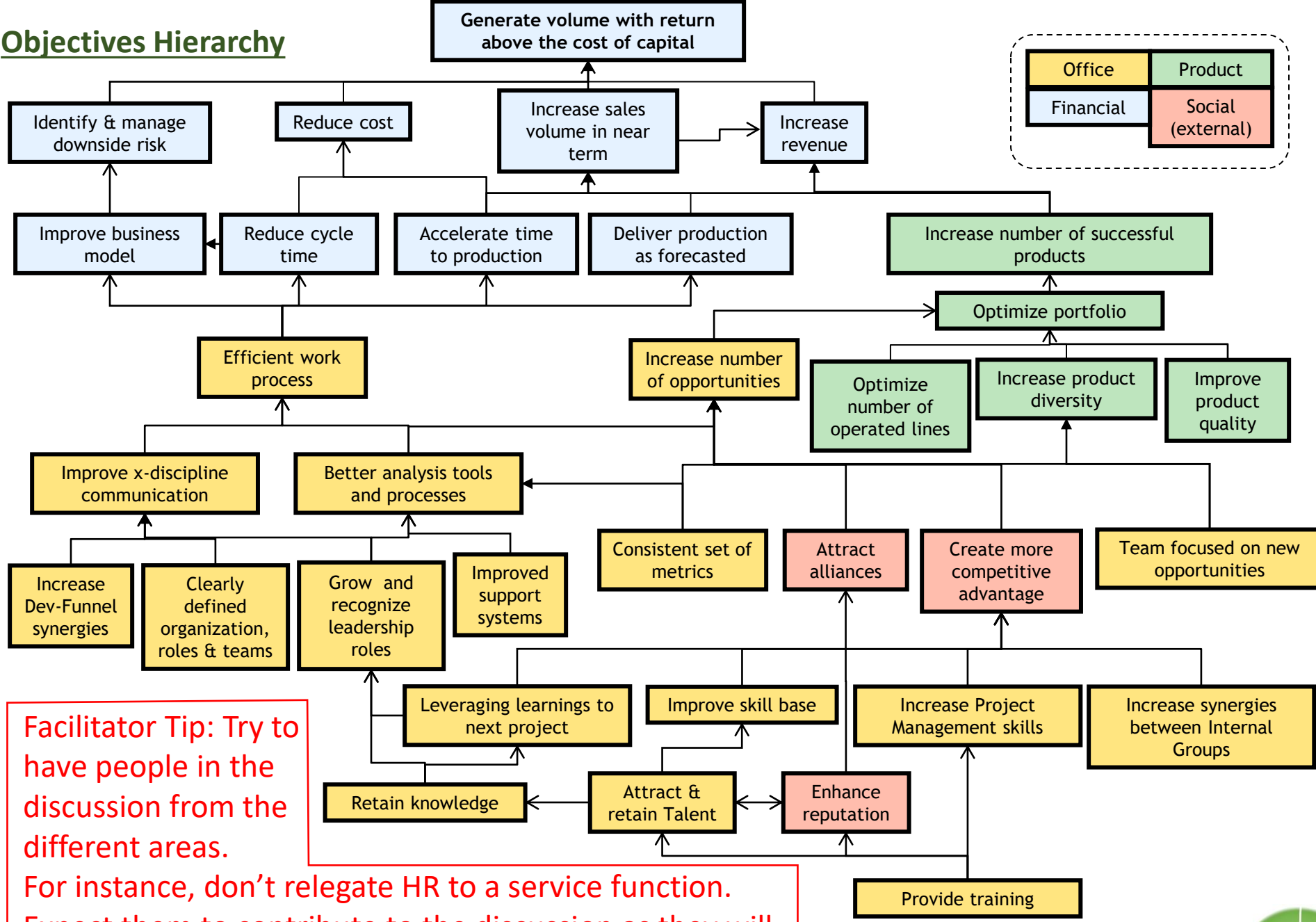
Effective strategies and strategic plans will include options that fulfill objectives in each arena. There will always be trade-offs between objectives, but all arenas must be covered in order to create meaningful competitive advantage.



Objectives in Arenas - Examples



Objectives Hierarchy

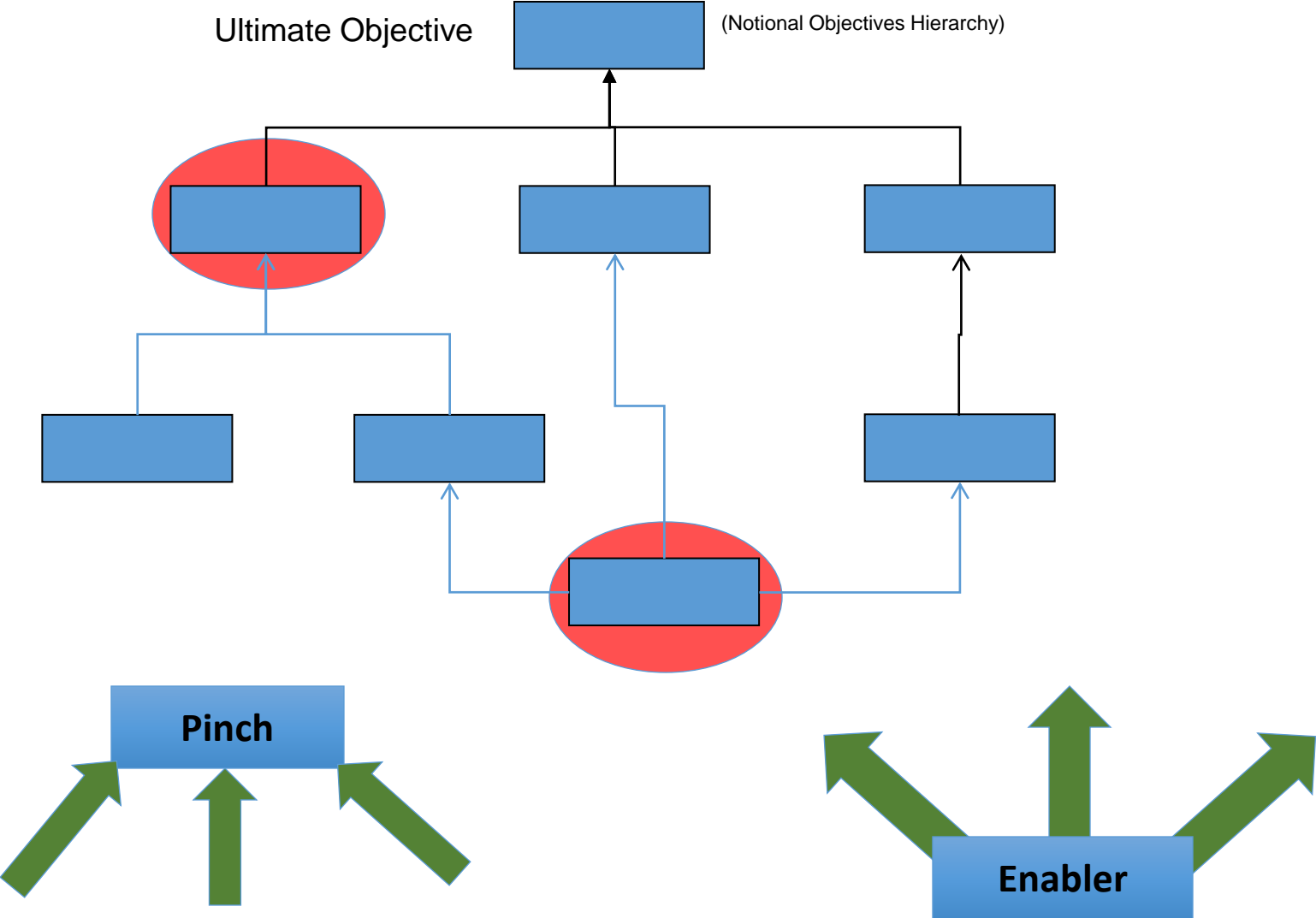


Office	Product
Financial	Social (external)

Facilitator Tip: Try to have people in the discussion from the different areas. For instance, don't relegate HR to a service function. Expect them to contribute to the discussion as they will have to implement your solution.



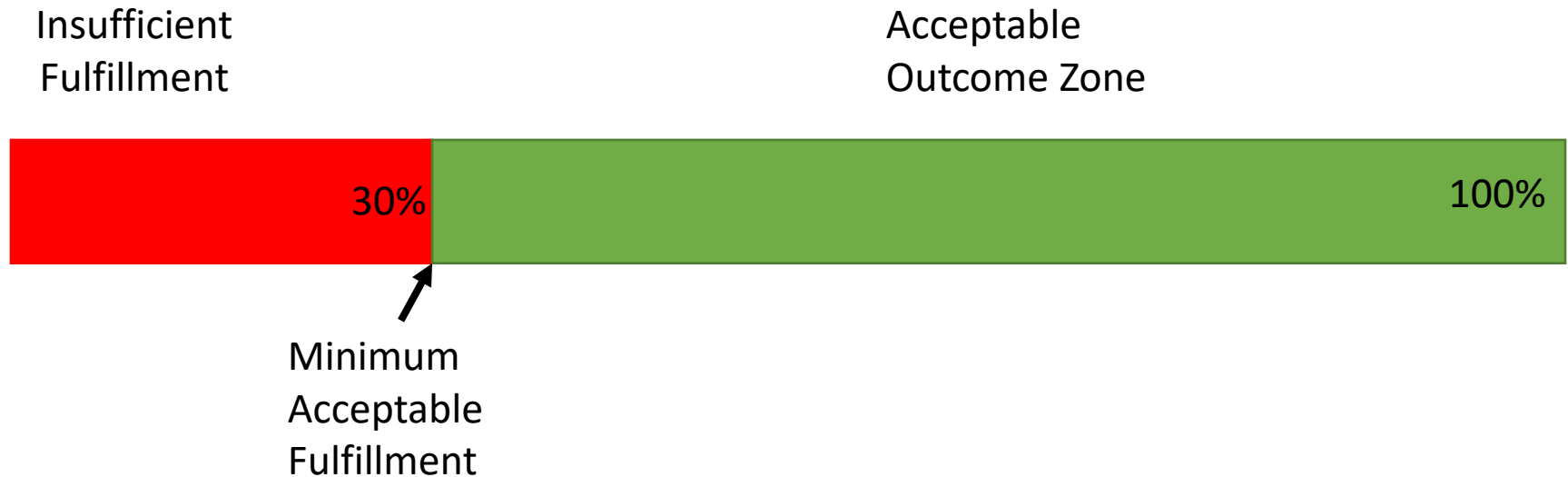
Objective Hierarchy – What Matters? (Question #1)



Minimum Fulfillment Criteria are required.



Objective Fulfillment – Single Objective

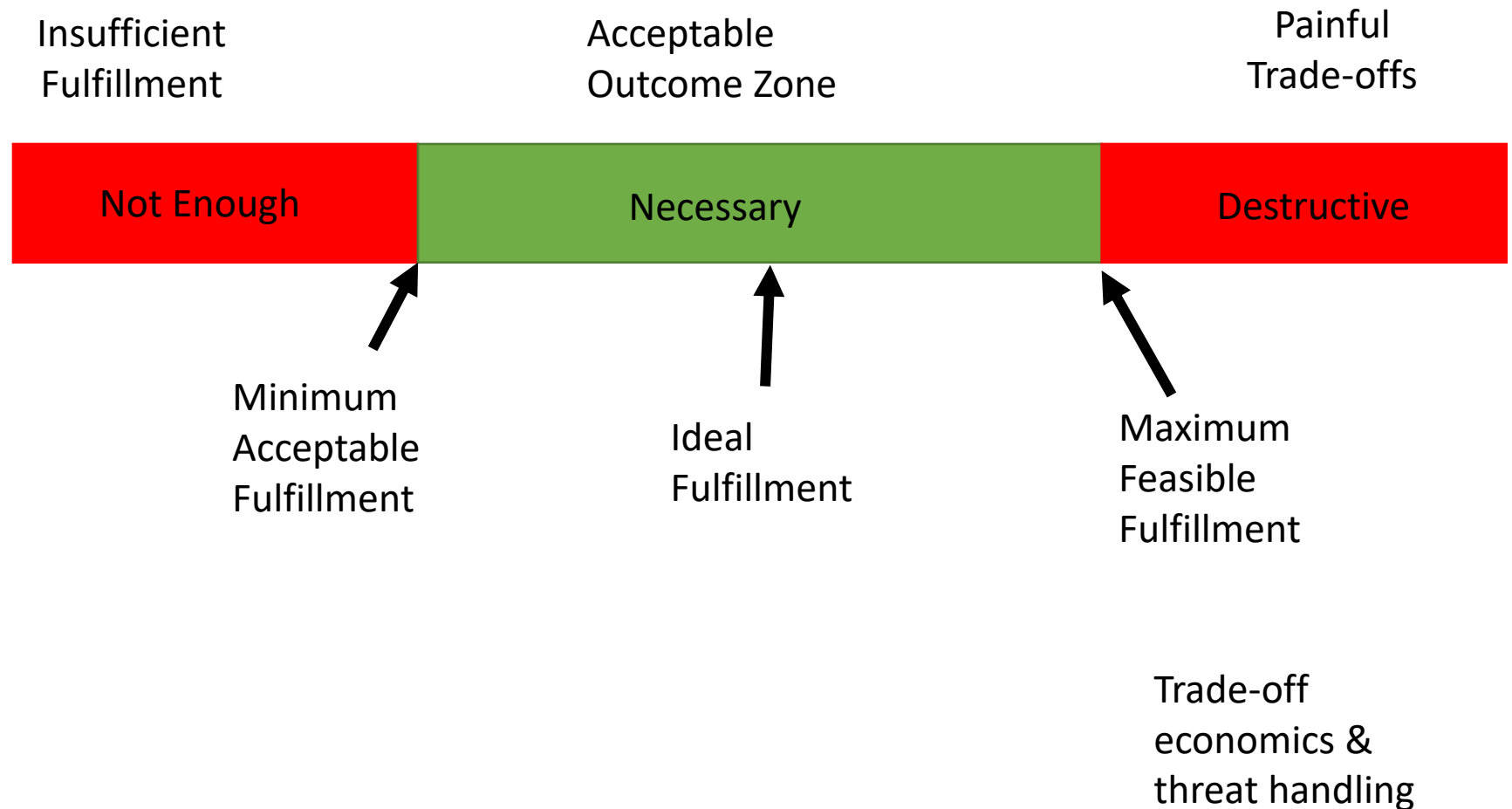


What are the minimum fulfillment criteria for the critical Objectives?

Are there any other Material Objectives with Critical Minimum Fulfillment?

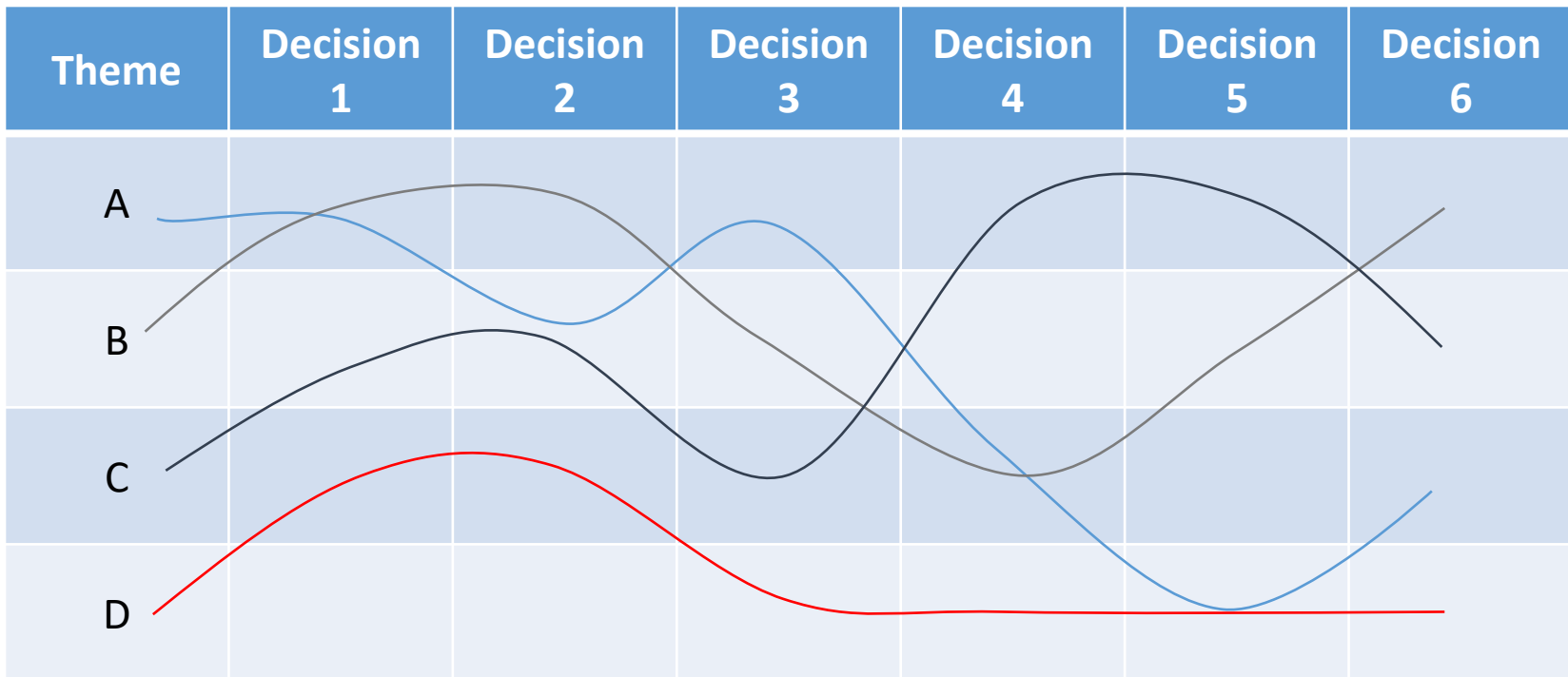


Optimal Fulfillment is a Balance



Decision Matrix

As a start to theme or strategic plan development, we create a Decision Matrix. It shows strategic decisions and potential solutions. A theme or strategic plan is the path through the decision solutions that characterizes a particular position. **Each solution is then evaluated on the basis of objective fulfillment.** We create a hybrid strategy that takes the strengths of the individual themes where possible. We also create BATNA paths where external factors are not reliable.



We then reverse the process to assess downside risk and stability of the chosen path.



Solution Objectives Fulfillment Scoring

Did the Objectives pass their Minimum Fulfillments on the Raw Score?

	Understand Available Resource	Good Geog. Dist.	Material Control	Sufficient Test Data	Multi-use Facility	Staged Learning	Raw Total
Concentrate	2	2	9	3	9	3	28
Main Holding	7	8	8	7	7	8	45
Experimental	9	8	2	7	2	8	36

Facilitator Tip: Don't spend a lot of time trying to define specific fulfillment levels



Objective Weighting

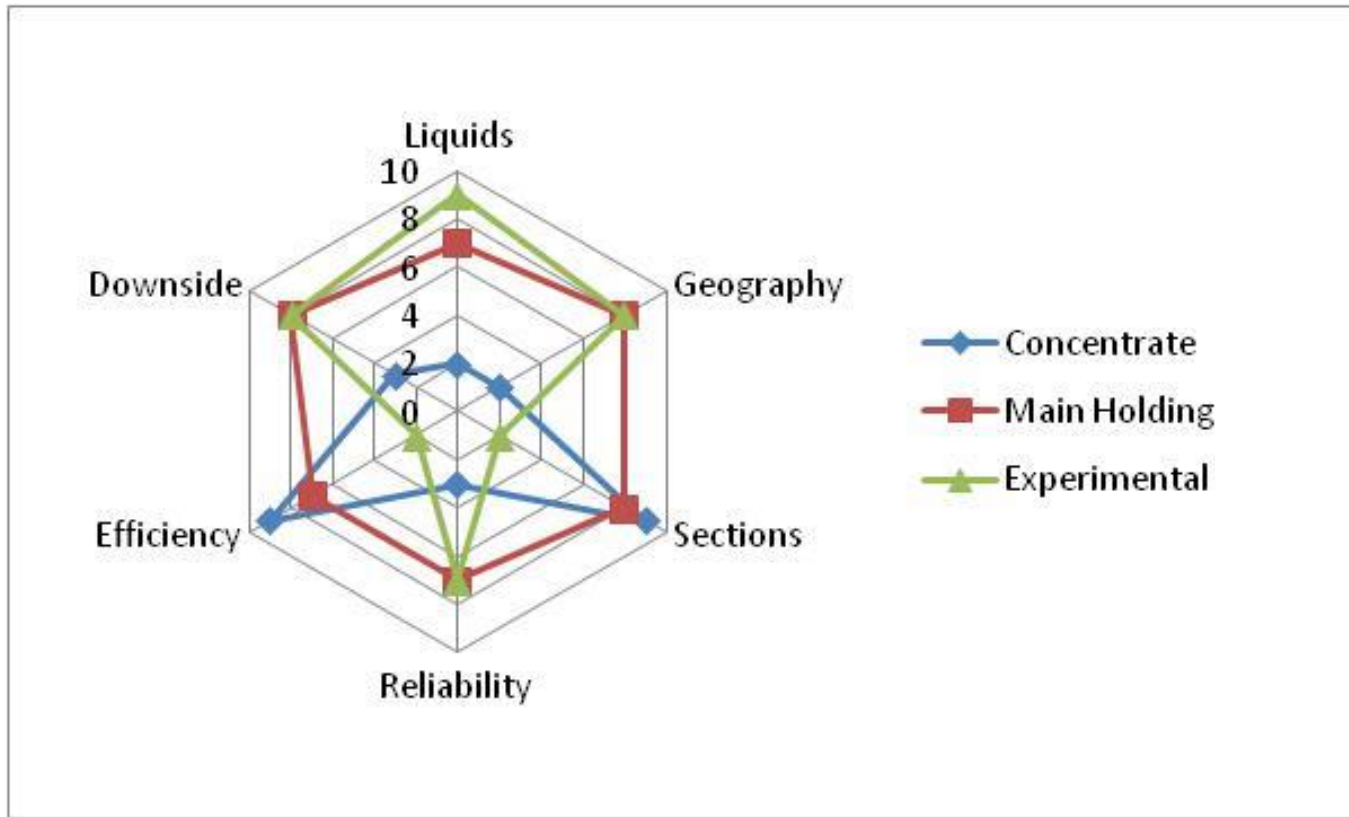
- Not all Objectives are of equal materiality.
- Let's weight them. (We have had a session on this earlier this year)

- I recommend a group approach
 - Participants rank the objectives
 - Objectives receive a weighting depending on their average rank from the individual participant responses
 - This does NOT negate the minimum fulfillment criteria.

Facilitator Tip: Precision is the enemy of Good.
Close enough is usually good enough.



Objective Fulfillment Spider Example



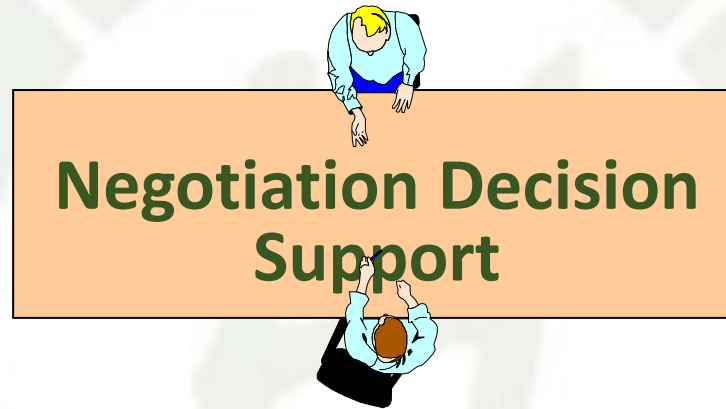
Facilitator Tip:
“Ideal”... You
can’t get there
from here.

Relative Fulfillment score
(normalized to max)

Ideal = 100%
Main Holding = 90%
Experimental = 72%
Concentrate = 56%



Negotiation Decision Support

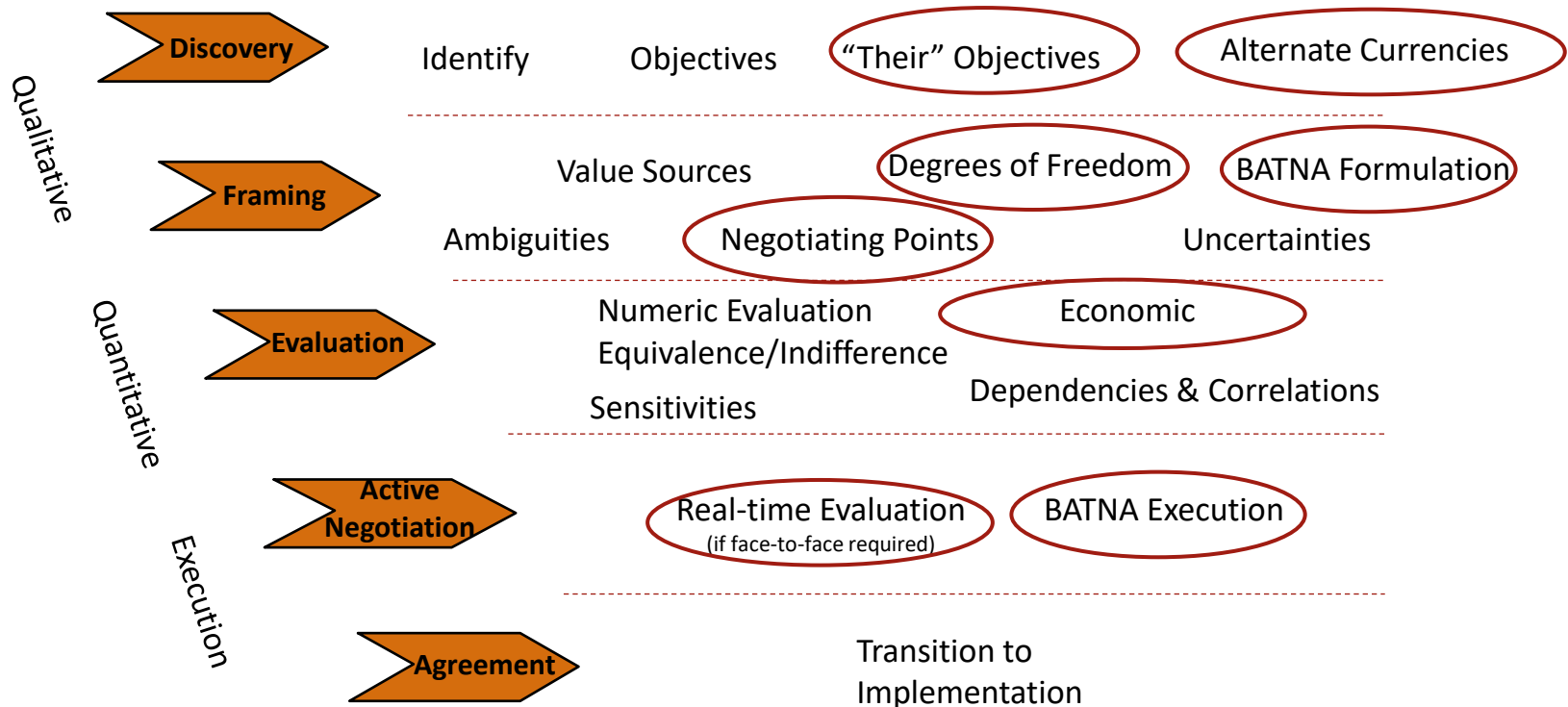


“Objective Centered Agreements”



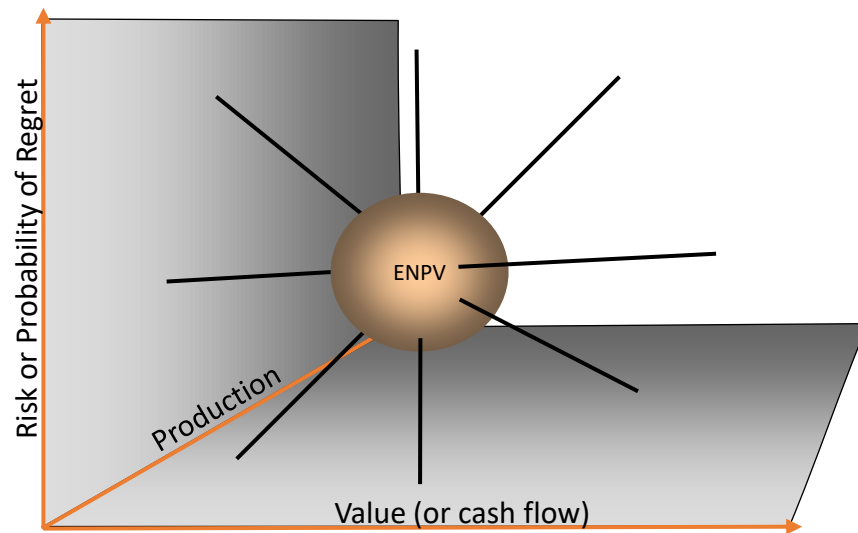
The Process

Negotiation-Based Decision Support utilizes the standard approach in the early stages and shows its flexible characteristics as it is adapted for the negotiation environment. Particular attention should be placed on the items listed adjacent to the phase headings below. Circled elements are added to the standard DA tool set for negotiation-based support.



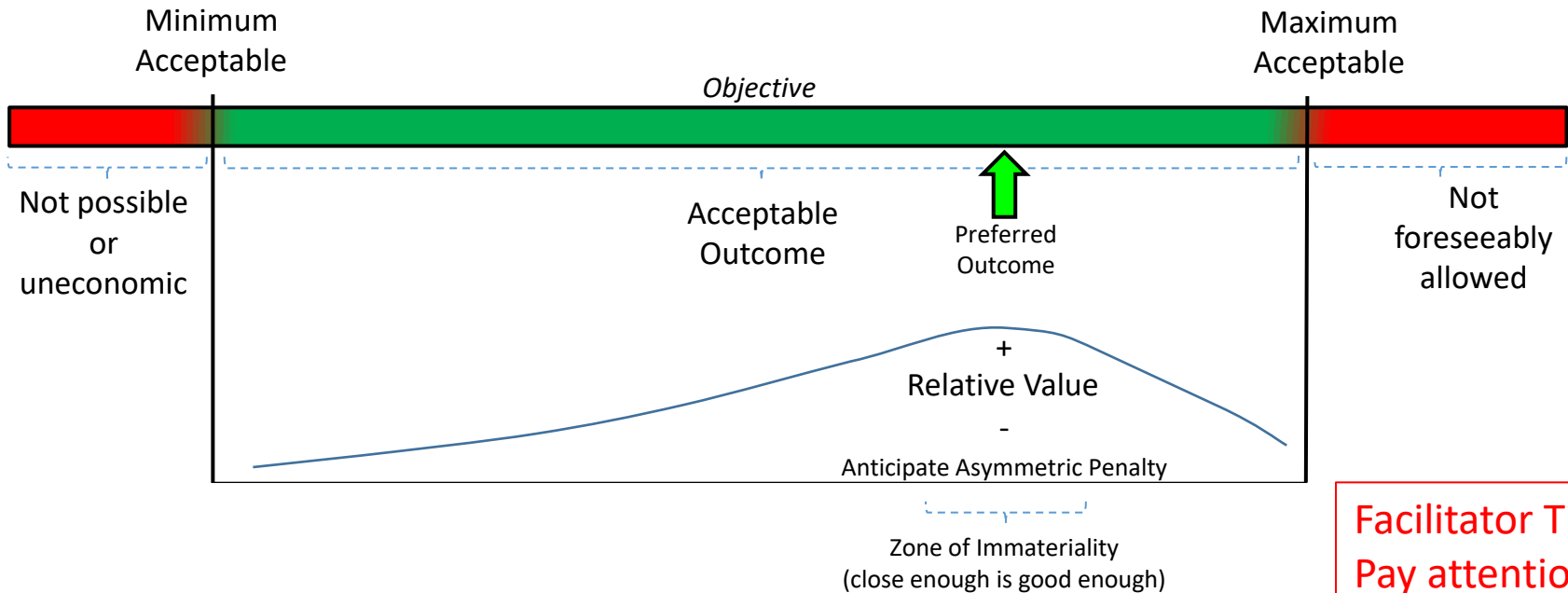
Identification of Objective Degrees of Freedom

- Understand the value and materiality of permit change
- Assess impact of significant variables
- Not trying to find a **single** solution; we are identifying the space in which we can operate.



- Sensitivities
- Obtain sense of impact of any particular parameter
- Identify what matters.
- Assess against known constraints or goals.

Permit Objectives Schematic



Facilitator Tip:
Pay attention to
the risk
asymmetry!

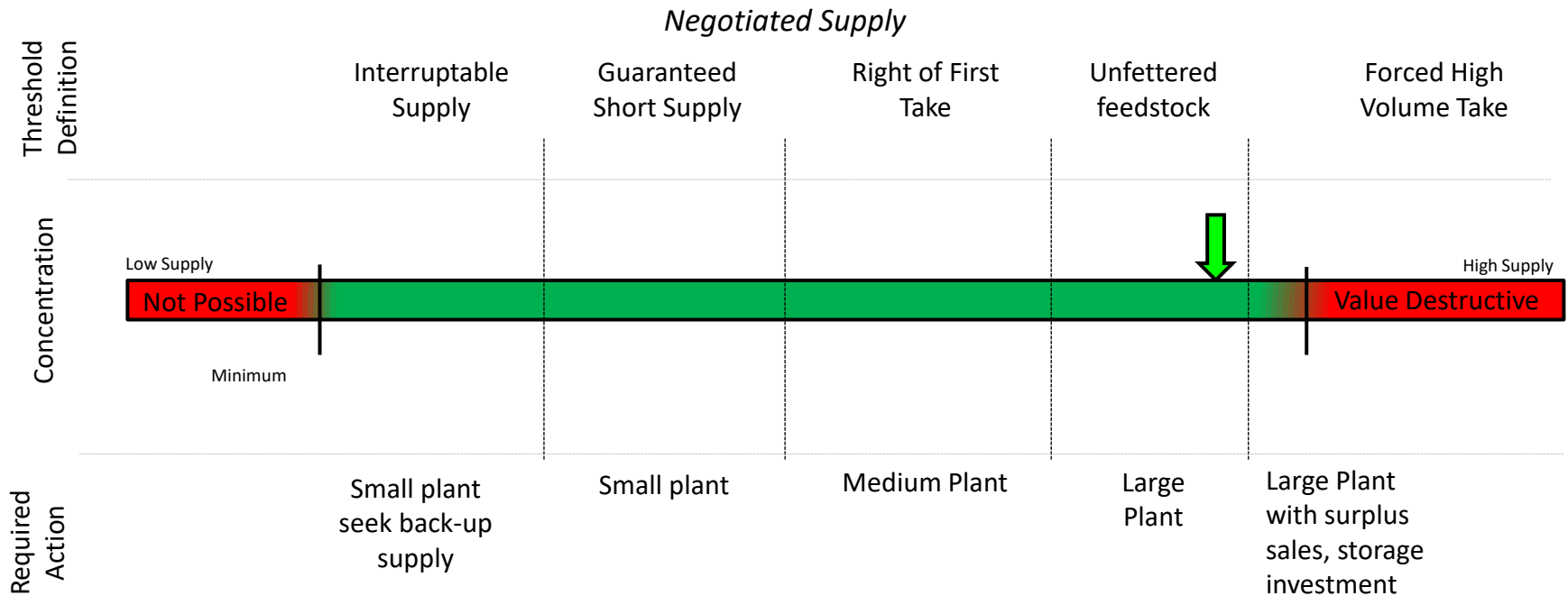
Any outcome that within acceptable range is doable and economic. We would like to get as close to the preferred as possible.



Internal Objective Thresholds

Looking for decision points and step changes in materiality

Ties back to a Strategy Tree (which we will see shortly)



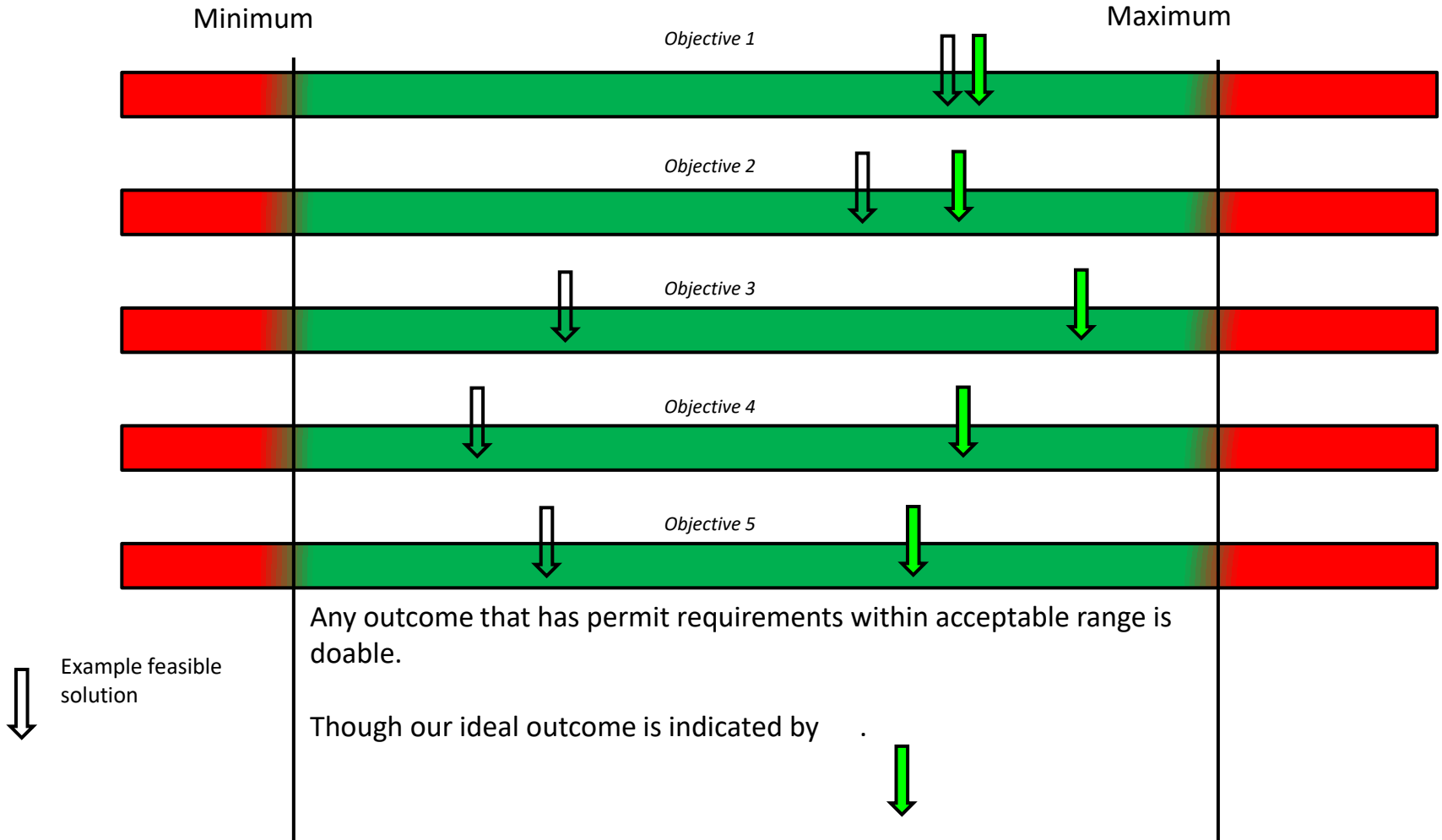
This is illustrative only. The threshold Objective and resulting possible actions need to be determined for the range of potential outcomes.

↓ Preferred Solution



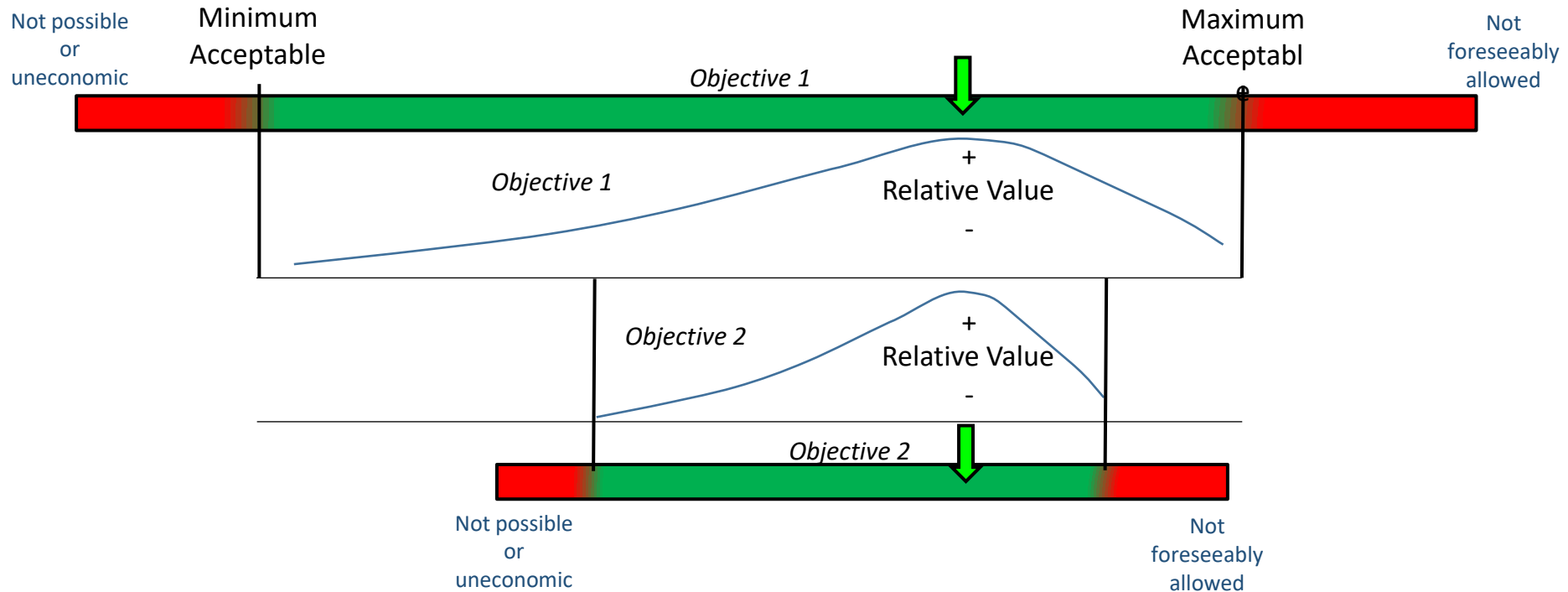
Degrees of Freedom Defined by Collection of Objectives

Acceptable Objective Combination



Degrees of Freedom - Scaling

Rate of Penalty (change in value as the outcome moves from the optimal position) is different from Objective to Objective. In other words, changes some things matter more.



Facilitator Tip: This is done on a return to the objectives during the Quantitative phase



Tactical Back-up – Objective BATNAs

Permit Objective Objective

Threat if Missed

Action if Missed

Low

High

Low

High

Objective 1

Objective 2

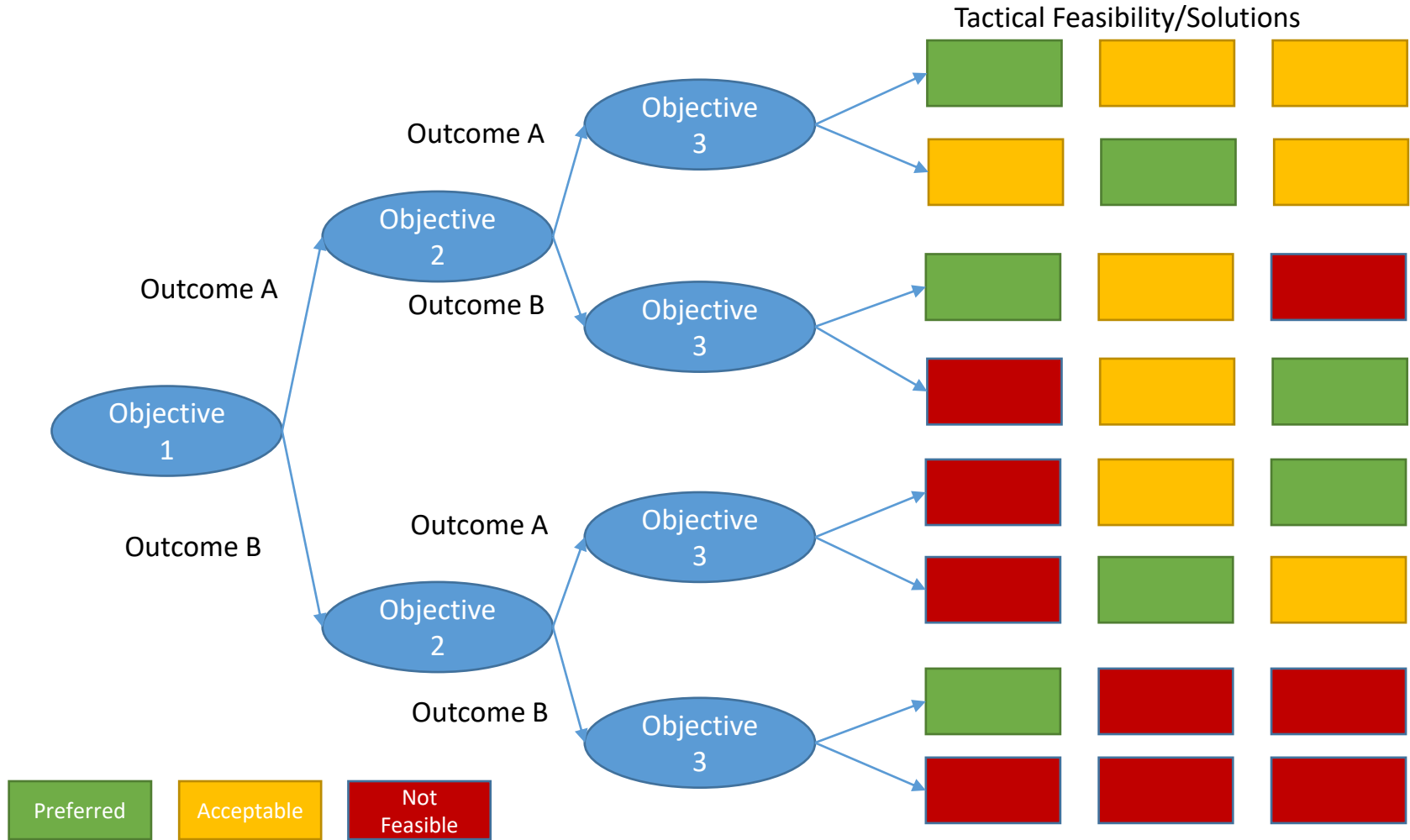
Objective 3

Objective 4

Objective 5



Strategy Tree



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bill@haskettconsults.com