

Take on Board Podcast – Episode 266



# Transcript – Denise North explains how you implement and monitor board strategy

**Helga:** [00:00:00] Today on the Take On Board podcast, I'm speaking with Denise North about implementing and monitoring strategy. This is the third in our deep dive about strategy for boards. So thank you, Denise, for answering the call and saying that you would come on and share some of your wisdom about this. Not at all.

Before we start the podcast today, I'd like to acknowledge the traditional custodians of the land on which we record. For me, I'm on the unceded lands of the Wurundjeri people of the Kulin Nation, and I pay my respects to elders past and present. I also acknowledge any First Nations people who may be listening today.

I acknowledge their continuing connection to land, waters, skies, culture, and country. I support Voice, Treaty and Truth for Aboriginal and Torres Strait Islander peoples, and I encourage others in the Take On Board community to do the same. Now, let me tell you about Denise. Denise is on the board of INSEAD Directors Network, an alumni group for, oh, I'm going to have to get her to [00:01:00] explain this one, IDPCs.

I'm not sure what that means. So she'll explain it to us later. And she's a director of her own business, Denise North Consulting. Denise has a long list of prior governance roles, which includes being chair of the advisory board for Catherine Henry Lawyers. Chair of the INSEAD Alumni Association Australia New Zealand Limited, Chair of Streetwise Communications Limited, and various roles at the Australian Society of Orthodontists, the Australian Fisheries Management Authority, Sydney University and Armidale Development Corporation Deputy Chair.

Denise brings a range of perspectives to the boardroom, drawing on her years as a non executive director in the not for profit, academic, and government sectors, and from her executive experience in professional service firms, start ups, and

listed companies. As an advisor, Denise works directly with boards to support them in reviewing their performance, developing and monitoring their organization's strategy, and improving their board and executive leadership [00:02:00] interactions.

Welcome to the Take on Board podcast, again.

**Denise North:** Thank you, Helga. Lovely to be here and just join in your acknowledgements and note that I am coming to you today from Darkinjung country.

**Helga:** Beautiful. Thank you. So, long time listeners of the podcast will remember that Denise has already been on the pod, we think back in 2021.

talking about your experience with Wab SX. And today we get the joys of hearing more about implementing and monitoring strategy. But before we do that, as always, we want to dig a little bit deeper about you. So Denise, tell us about something that you're proud of from the last month or so.

**Denise North:** So I think one of the things that happens from time to time, one of the streams of my activity at the moment, parts of my portfolio is delivering some of the programs for the Institute of Company Directors.

And one of them is finance. And it's always a really interesting, fairly challenging day with a lot of people come into the room with a lot of apprehension. And some of the [00:03:00] feedback that I get at the end of the day, when people come to speak to us, we're basically saying, I really enjoyed that with huge surprise and saying also that I seem to be able to make, make complex things accessible to people without the right kind of background.

So I do feel very proud of that because I think it's very, very important to have certainly new directors, but directors who may not feel comfortable in any particular position, being able to get secure about their role.

**Helga:** Absolutely. And the financier's role is so important. So it's always good when you get somebody that can make that accessible for them.

Side note, I know we're sharing something you're proud of from the last month or so, but you've prompted for me, I was facilitating a strategic planning session for an organization recently. And, well, let's just say one of the participants made it pretty clear early on that there was any other place she would rather be than spending the day in a strategic planning session.

So I said only half jokingly, okay, let's do it. If we get to the end of the day and you've said this is bearable, I'm going to take that as a win. [00:04:00] So we got to the end and I said, so was that bearable? And she said, slightly better than bearable. And I'm like, okay, I am definitely taking that as a win.

That's a badge of honor. Exactly. It's like, great, slightly better than bearable. Okay. All right. So speaking of where we started, I'm going to go back to the introduction as well. Tell me the alumni group for INSEAD Directors Network, the alumni group for IDPCs. Tell me, what does that mean?

**Denise North:** Apologies for the acronym.

That's the acronym for the program that I completed at INSEAD, which is, uh, It's the International Directors Program and it's very, very interesting and it, because it's a governance program for people from all parts of the world, as INSEAD programs always are for truly international. And so rather than focusing on what are the rules and regulations and procedures and things in a particular jurisdiction, it digs into things like a lot of focus on strategy, decision making, science, relationships, and things like that.

And one of the. Okay. I found most exciting things about participating in [00:05:00] that program, it was about a decade ago now, was that they run, there's a few modules, and between the last two modules they run a 360 degree feedback process for us as participants, as directors, and so getting direct feedback anonymously from fellow directors, from CEOs, that you work with from chairs that you work with.

It was, it was just amazingly valuable because there is a massive amount of feedback collected for executives. But once you get to the board level, it's a fairly rare experience, I think, to get individual feedback from your colleagues that you can rely on because it's anonymous and those kinds of things that is quite insightful.

So that was a fun thing. Anyway, so that, that's the, the network. It's one of the clubs in the alumni universe of INSEAD.

**Helga:** Interesting. Okay. I'm so glad I asked that question because that is also valuable information. You know, we'll just layer that onto the previous podcast in a way about professional development opportunities.

And that is very interesting. I've seen. been seeing over [00:06:00] LinkedIn recently, a number of people from Australia participated in one of the INSEAD

strategy immersives recently, actually. So, oh gosh, we might need to get you back a third time, Denise, so you can tell us all about that, the INSEAD programs as well.

But that is not our conversation for today. Our conversation for today is about Implementing strategy, monitoring strategy, all things, well, not all things strategy, building on our previous conversations, yeah, that implementing and monitoring strategy. So where should we begin this conversation about implementing and monitoring strategy?

Very good question.

**Denise North:** I think all of the strategy questions link into each other. I know that you're doing a series of podcasts on this, on the deep dives in strategy. So trying to sort of stay a little bit, you know, in my lanes, if you like. So implementation, one of the things that we know from research and some of the reports that we cite quite frequently is that the two biggest impediments to successful implementation of strategy are poor communication, [00:07:00] which I know you're going to tackle in a future one, but also lack of adequate resources.

being applied and made available to the people who need to implement the strategy. It's very, very interesting. I think there's a lot of the time, I've spoken to a number of people in all sorts of different interesting roles who talk about the, and it seems like it's more in recent years and I don't know if that's true or just a feeling.

The, the notion of people, of organizations and, and leaderships and boards just piling more things on top of things without any, ever taking anything away. And it's really, really interesting because if you've got someone saying, okay, here's our new strategy for the next three to five years, whatever your period is, it might be a lot shorter than that, but here's our new strategy.

And we've got these boards. big bold things we want to achieve. If the leadership team were to say back to the board or to the CEO or whatever, that's great, let's get on with those, what would you like us to stop? The answer is almost certainly no, no, no, just keep [00:08:00] doing what you've been doing and do this as well.

And it's pretty crazy because Resources are always finite, even if an organization has built up quite a big war chest for expansion, for example, or for acquisition, it's got a lot of money, it's still got a finite amount of money. More

importantly, the capability of the people in the organization is finite at any particular point of time, and the psychological and physical energy in the organization is finite at a particular point in time.

So. Strategy, I often say to people, is as much about what you're not doing as what you are doing. It really requires prioritization. It really requires finance. And one of the things that I focus on a lot if I'm working with boards to develop their strategy, which, and the reason for that is, Mentioning this is it comes through very much in the implementation is being very, very rigorous.

When you identify the outcomes that you want to achieve and you identify the big actions you need to take for those [00:09:00] outcomes, you need to also identify the resource capabilities that you want to achieve. that you're going to use as enabling those actions. And if you don't have access to those capabilities or those resources in any kind of practical way, if you don't already have them, or you can't buy them, or you can't develop them in a time frame, there's absolutely no point that being your strategy because you just can't do it.

So just again, to address that one of those key issues that, and the research I think continues to say that This lack of adequate resourcing is a critical barrier to successful implementation of strategy and that strategy is not successfully implemented all that often. It's really, really imperative to be clear about your resources and capabilities and how you're going to use them.

**Helga:** It is such a great point, Denise, and about that, you're absolutely right about how these different elements of [00:10:00] strategy link together. Because what I'm hearing there is in developing your strategy, make sure your aspirations and your objectives are aligned to the resources that are available. And if they are aligned to the resources that are available, Then, you will have a much better chance of implementing and monitoring against it, but it needs to be aligned to the resources.

**Denise North:** Yeah, absolutely. And the other thing that I'd say about implementation that I think is really important, and I'm drawing on Catherine Livingstone's address. in March this year to the Australian Government Summit, where she talked about the core elements of governance, which he said, direction and control, which he said comes from a OECD, uh, work and, and documents.

And she's added capability to that, but in the direction and control, what she said is very, very important that in times of uncertainty, which she believes is the norm, not the exception, the more, uh, Uncertain the environment and the more

[00:11:00] variability that we're going to have the simpler and clearer our strategy needs to be.

And she also talked about the ability to be flexible around strategy. And I guess I interpreted some of what she was saying about that as focus on. She made some comments about a 50 slide deck is not going to help you if you, if you don't know what it is that you're trying to do. And I took that as, as a.

a bit of a distinction between principles based and rules based approaches to things. During your implementation journey, especially if you've got a strategy that's running over a number of years, during your implementation journey, you're going to have these constant questions. Is it going as well as we think?

Is it not going as well as we think? What do we do about it? Do we change? Do we switch? Do we do something agile? And I think, hope I'm not paraphrasing her too badly, but I think what Livingston was saying is that, you know, If you have your clear principles at a high level, it allows you a little bit of room to adapt the actual [00:12:00] implementation actions and to accommodate the changes in your environment, the changes in your organization, upheavals that may occur, all of those kinds of things to be able to do that.

**Helga:** Okay. So then that brings us to the second part of it. So I'm interested to hear your views then about if it's principles based, flexible, adaptable, what does that mean for boards in monitoring the strategy?

**Denise North:** Really, really interesting. And I think the uncertainty of the world we're in and the environment we're running our businesses in is a challenge for monitoring because I suppose the textbook way of saying is we're very, very clear about we're going to do these things.

Here are our KPIs that we've said at the beginning. And we're going to watch closely that what we report on is giving us those KPIs. In a more flexible, agile kind of world, if that's where we're trying to be in a more responsive requirement. One, we're going to have to be much more insightful, I think, about what we select as our KPIs and what we choose to measure [00:13:00] and report on, and what we're able to measure and report on.

The board can only monitor the performance of strategy on the basis of what they learn. They want to make sure in monitoring performance. And the implementation of strategy that they have indicators that allowing them to look forward as well as to look back, especially in a more volatile and changeable arrangement.

And I think that that question for a board of what reports do I need? It's really, really interesting. Sometimes you hear conversations with directors sort of like, well, this is what I'm given. And I'm always at pains to say, but it's your job to say what you need and what you want. And obviously you're going to draw on and work with them.

this out in consultation with the experts in your business. But you need to know what you need to get a level of comfort that you could be confident that the implementation is going as, as you would like. And I think again, as I've been delivering programs for directors in a few different subject areas over the years, what I've [00:14:00] developed is a really important thing.

And this is funny because it hurts. back to my original training as an economist, we're saying that there's a very important thing for boards to understand about the companies, the businesses that they're on the boards of, which is what are the business models that this business is running and a business model.

When you say to people, what's a business model, the headline answer you get, which is correct. It's the way you make money. That's right. But if we dig a little bit down to that and take the economist's view, view, a business model is about inputs, transformation processes and outputs that someone is going to pay you for.

And if you break it down into that inputs and transformation processes things, one, you can be aware of where you might be disrupted because digital transformation is actually all about the disruption of business models. You look at, Uber and taxis. What's the biggest difference between Uber and taxis?

It's the transformation process. It's not booking things. It's websites and portals and stuff like that. So you've got those [00:15:00] sorts of changes. So if you understand, if directors get a clear view of the business models and often it's plural in their organization that are being run, They'll immediately have an idea about what levers they can pull to change the outcomes.

They'll know something about the risk points in the organization's business. They'll know something about what it is really important to get data and report on and what you really need to monitor to be able to.

**Helga:** So, I'm wondering then, if in as much detail as you're able to share, whether from your boardroom roles and experience, whether you're able to share with us an example, I guess, where you've gone through this process,

where you've looked at the business model, where you've developed the KPIs that have meaning for that organisation.

and what they were, as I say, in as much detail as you're able to share, because not always able to be done, but whether you might be able to share an example that can bring this to life for us about monitoring the strategy.

**Denise North:** Yeah, [00:16:00] okay. So, I'm going to say in answer to that question, just with the way the different boards that I've been on over the last, periods of time has played out.

Probably there's been more scope in the work that I've done for other organisations than in boards that I've actually been on. I guess one really interesting example over the last two, three years was working with a non profit organisation where I think it wasn't clear to either, Wasn't conscious, wasn't a conscious appreciation by the leadership team or the directors that this organization, which was a medium sized nonprofit, was actually operating a number of different business models that had very, very different demands and very, very different things.

And the way this came to light was some comments in the review process from some of the executive that maybe the directors were asking questions that indicated that they didn't understand things that they should understand. And it's very, very interesting. And. Given this asymmetry that there always is between how [00:17:00] much information people working in the business have every day and how much information directors have, especially if they're coming into sectors that they've not necessarily worked in, but they're contributing on the board is making that those distinctions of those different construction things really, really, really, really explicit.

The example that I'm thinking of, we, I was working with an organization that was offering, I think, social housing services and some disability services. and some refugee services. And these things, they all sound like not for profit community services, and they are, but there's really distinct business models in those different areas.

**Helga:** So, somehow as part of the conversation, it kind of came to light that it's, we're not running one organization. We're running a series of organizations, right?

**Denise North:** We're running a number of businesses.



**Helga:** Yeah. Okay. So then it was delving into each of the different business models rather than the business model singular.

[00:18:00] And then from that delving into the different business models, coming up with the meaningful

**Denise North:** Yeah. The implication is you might need three or four different sets of reporting because the key drivers of the different things that you're talking about are not going to be the same.

**Helga:** Wow. That must have been quite the, uh, challenge for them then.

Some interesting conversations. And then what did that mean for them in terms of, uh, reporting? You know, they're delving into all sorts of different business models then for different parts of the business. Presumably, as I say, developing different measures for different parts. What did that mean for the board in practical terms then in keeping an eye on all of that, in monitoring all of that, because you've got all sorts of different parts.

What did they do to make sure they could keep an eye on all of these different parts, that they could keep all of the balls in the air in terms of running it, but also keep an eye on how everything was going?

**Denise North:** Well, I think there's a couple of responsibilities. There's one, there's a responsibility with the, the executive team, the leadership team and the executive in the organization to explain very clearly what those different [00:19:00] models are, to be able to propose the different things.

I mean, they're seeing it. day to day. And it's really interesting because the executives working in the area, probably if you'd asked them would, they may not have used the language, but would have known that they're running slightly different businesses, but not necessarily at a conscious level or not necessarily articulated that way.

So the executive needs to be able to identify what those different processes are, those different models are, and then be able to help to identify the key drivers of success. Which are likely to be a little bit different in each of those things. And one of the other things that's really interesting is, and again, it's a not for profit example, it goes to a community organization that I was involved with as the CEO equivalent.

In this particular case, the general manager at the time not, not on the board, but the, Using in the nonprofit space, using your different business models, some that are much more commercial to subsidize or underwrite some of the more nonprofit service driven ones, using [00:20:00] the same sorts of capabilities and expertise and resources that you have in the organization.

It's kind of like people, I don't know, building a bit of a side hustle, um, opposed to, that is very, very related to their core service delivery, but which gives them, people talk about own source income, which gives the organisation the ability to generate income that is freer, not government, not funder controlled, um, not grant controlled, not likely to disappear in a moment, and that sort of thing lets you, gives you a bit more scope in the rest of the work that you do.

**Helga:** Absolutely. And back to where we started the conversation, gives them resources so that you can potentially be more ambitious in your strategy because you've got additional resources to be able to deliver on that strategy. Yes. Can help you also build greater capability.

**Denise North:** Yeah.

**Helga:** Yes. Oh, Denise, so much in this already.

What are the key things you want people to take away from the conversation that we've had today about implementing and monitoring [00:21:00] strategy? Yeah. Absolutely.

**Denise North:** I think strategy is an area where everybody kind of does it. I think sometimes rigour is missing in strategy. We're a bit soft on how great we are some of the times when we're, when we look at these things.

And I think that particular rigour, that's a bit of a hobby horse with me, the particular rigour around the capabilities and resources that are going to be fundamental to you being able to implement. And a lot of the, these, Just the conversation that you have to have to understand what those resources and capabilities will be, I think will take the organisation a long way to that clarity around what you need to do and how you're actually going to do it.

You don't want the people in the organisation feeling confused about what it is they're being asked to deliver. You don't want them feeling that. What they're being asked is impossible because the resources aren't available. And the people on the front line actually getting on with running the business on a day to day

basis, [00:22:00] absolutely know what's possible and where those potential gaps might be in resource and capability, and then probably.

if we ask them, have some ideas about how to, how to fill them

**Helga:** as well. Absolutely. Which is again, part of the, the board, I would say the board steers the strategy, but it's not done in isolation. It's obviously done with the people who are on the ground, who have that detailed knowledge about what can and can't be done, as you say.

So thank you, Denise. Thank you so much for coming back to the podcast to share your insights around implementing and monitoring strategy, a key part of the board's role. So thank you so much for coming back and sharing your wisdom with the Take On Board community today.

**Denise North:** Thank you very much, Helga, for having me.

**Helga:** A great pleasure.