

## 'Design Principles' as a tool of Strategic Facilitation - establishing strong consensus and powerful positions

Discussions about complex and important issues can easily spiral out of control because solid decisions require both strategic and operational aspects to be thought through and discussed properly. This is difficult if the conversation is not managed actively because the strategic mindset and the operations mindset are profoundly different, and in many ways contradictory.



Strategic thinking is all about fundamental principles and intuitions, coping with uncertainty and risk, and operating in the medium to long term. It is about coping with complex external relationships, results rather than processes, and is often described as 'divergent' thinking. As an example, knowing/feeling what makes customers happy, at a deep level, comes from strategic thinking.



On the other hand, operations thinking is all about control, certainty, risk avoidance, efficiency and cost minimisation, and operates in relatively short timescales. It deals with simple internal relationships, processes rather than results, and is often described as 'convergent' thinking. As an example, delivering the right product to a customer on-time, on-spec and at low cost comes from operational thinking.

The commonplace tragedy of business is that powerful results flow from harnessing the two together, but this is systemically difficult to achieve because the mindsets are so contradictory. This is equally true of debate at an industry level – for example, a discussion about whether commissions are 'good' or 'bad' will always tend to be confused because the issue inherently contains strong strategic and strong operational components and the arguments can flow in contradictory directions.

### Design Principles

The trick is to tackle strategic and operations mindsets separately so that the relevant language and thinking of each can be fully brought to bear with maximum effect. The key link between the two is a tool called 'Design Principles', which represent the structured output from a strategic discussion and act as a solid bridge to an operations discussion. Examples of design principles in the context of the distribution sector might be:

- "Consumers have the right to access, and pay for, financial advice"
- "Advisers should be paid fairly for the work they do"
- "Customers must be treated fairly"



Once a set of design principles is solidly agreed, a variety of operational solutions can be generated and a 'best-fit' to the design principles chosen. If this solution does not feel right to participants, then either:

1. The solution is not really a good fit with the design principles at all, or

2. The design principles are not internally consistent, or not really accurate, or not complete (ie there may be a hidden principle that didn't surface during the strategic discussion).

Working with design principles has a number of other powerful advantages:

1. It is difficult to argue against a well-constructed, ethically-based, high-level design principle (see the examples above). It is also difficult to argue against an operational solution that has clearly been derived from such solid principles.
2. For the same reason, it is much easier to build consensus within a group around design principles first rather than attempting to shoot for the end result directly. A 'straw-man' solution can be a powerful tool for aiding debate – but only when the team is able to test it against a set of design principles that they have previously agreed.
3. The design principles provide a clear framework for communication and delegation: operations people can better understand the overall direction and test that what they are delivering on the ground is fit for strategic purpose. There is no place for excuses.
4. When the world changes (as it frequently does) in such a way that the solution is undermined, it is much easier to redesign another solution by referring back to the design principles.
5. Negotiation with other stakeholders can be managed constructively, first by winning support for the design principles themselves, then by working together to negotiate the solution. Concessions made in solution design details are generally far less painful than having to concede on important principles.