

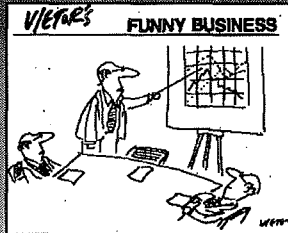
Better Results Through Better Communication Techniques in Consulting

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The situation

System Dynamics is frequently used to cut through the complexity of real world phenomena and understand what is important



"Now this chart represents five years of zigging and zagging and I don't know what the heck it all means."

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A complication

System Dynamics is complex, and system dynamicists frequently are challenged to get their messages across

"Spaghetti" diagrams

"Black Box" modeling

poorly-labeled model output

Limited visuals, if any...

Dense documents

How can we be more effective at communicating the messages we want to convey?

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The first role of a consultant is to DIAGNOSE the client's situation/problem

<p>As an advisor, you need to:</p> <ul style="list-style-type: none"> - Understand the business context - Identify needs/problems - Determine the appropriateness of system dynamics 	<p>General skills:</p> <ul style="list-style-type: none"> - Listening - Perception checking - Open mindedness - Appropriate research - Ability to articulate situation
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Diagnose ? ?

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Next a consultant brings to bear EXPERTISE which provides a solution to problems and needs

As an expert you need to:

- Translate the industry and business knowledge into a framework/model
- Make sure your model is an accurate representation of the dynamic situation, business or market
- Communicate/check the model against your client's perception

Required skills:

- Excellent modeling skills
- Solid presentation skills
- Industry knowledge
- Ability to transition to...



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Finally a consultant's role is to INFLUENCE by gaining agreement on action steps

As an influencer you need to:

- Serve as a facilitator
- Gain agreement on action items
- Gain agreement with client on most appropriate next steps

Required skills:

- Group process and facilitation skills
- Track and manage communications
- Deal with business issues (contracts etc.)
- Ability to transition back to the other roles

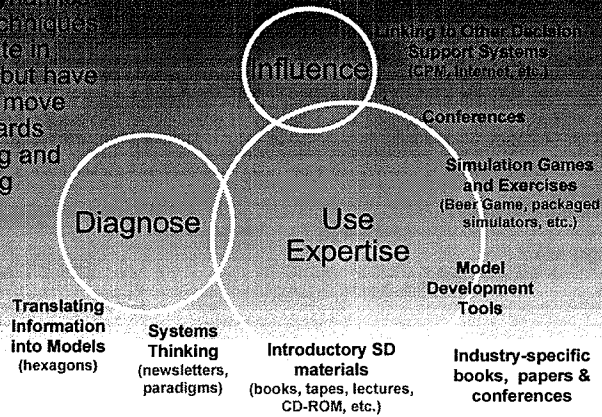


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People working in the field of system dynamics would benefit from strengthening communication/consulting skills

System dynamics tools & techniques concentrate in expertise but have started to move more towards influencing and diagnosing



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Pugh-Roberts works is continually trying to communicate better in many industry sectors...

- Telecommunications
- **Financial Services**
- Software Development
- Shipbuilding
- Civil Construction
- Aerospace Development
- Healthcare
- Electric Utilities
- Entertainment and Sports

A case study in the credit card industry follows

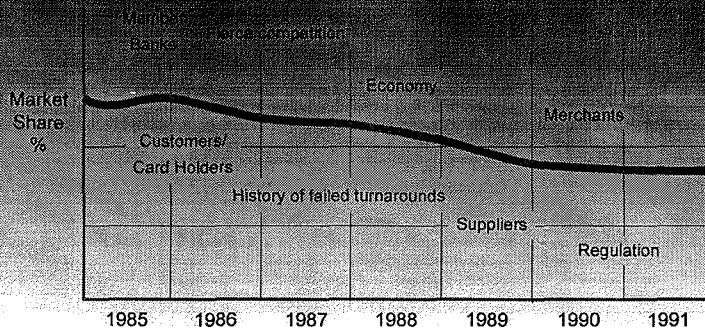
1. Diagnosis
2. Modeling Expertise
3. Influence

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The problem: A steady decline in market share

The Credit Card Industry



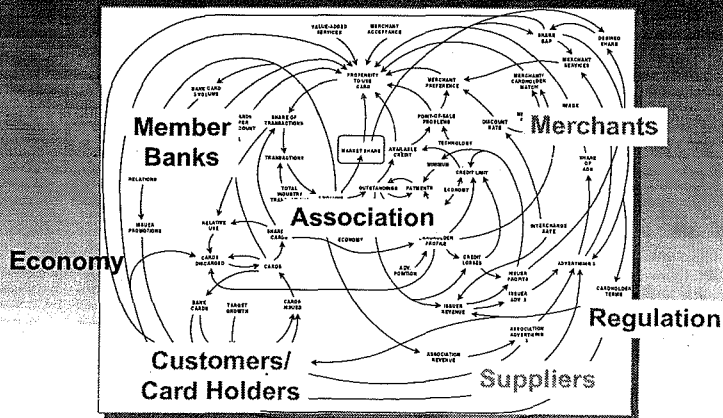
... in spite of repeated attempts to reverse the loss. This was exacerbated by conflicting actions in different parts of the organization and disagreement about what to do.

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The credit card industry simulation model became a platform for discussion, sharing of ideas...and sometimes...conflict

The Credit Card Industry



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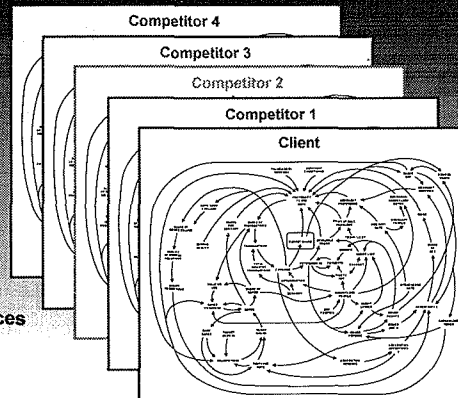
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Competitors' performance and decisions were explicitly captured so they agreed it was the most comprehensive model they had of their industry

The Credit Card Industry

Competing on:

- Solicitations
- Cards issued
- Ad share
- Use volume
- Terms to customer
- Merchant Preference
- P-O-S performance
- Discount rates
- Service quality
- Credit available
- Value-added services

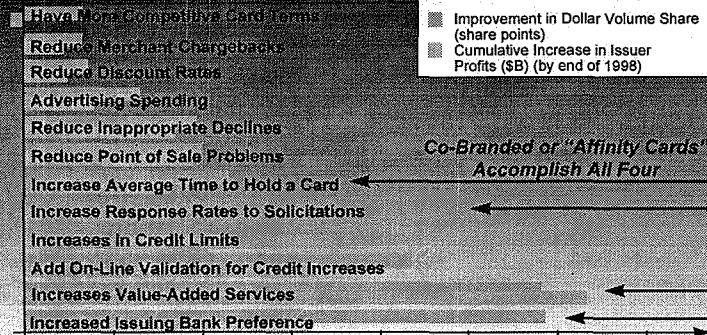


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A systematic search of leverage points revealed the answer

The Credit Card Industry



A testbed which spanned the functional organizations forced the company to put people from marketing, sales, product development, IT and business strategy in the same room... to look at the bigger picture.

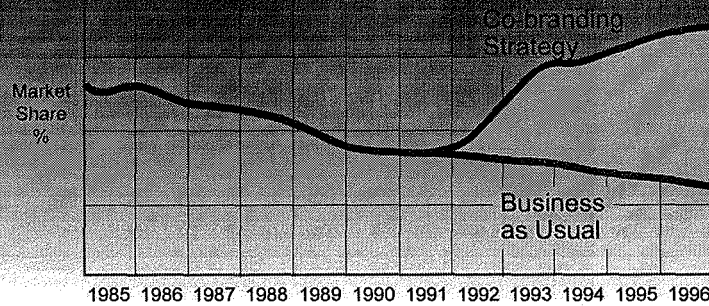
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The result: co-branding strategy reversed client share loss...while doubling issuing bank profitability

The Credit Card Industry



Although communication was not always easy, the actions recommended were followed and business performance turned around.

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Other model-building lessons from our experience

Build Up from Simple Elements

- Use simple, high-level diagrams and build these with the participants
- Explain cause/effect relationships
- Use examples to explain dynamic elements (delays, non-linear relationships, feedback, behavior over time)

Tie to the Real World of the Participants

- Focus on observable metrics and actionable policy levers
- Use plots judiciously, and relate behaviour of key metrics back to underlying cause/effect structure

Empower Participants

- Facilitate Participants as they build up models of their structure
- Draw out questions that lead to model insights
- Define appropriate boundary to hide unnecessary technical detail that obscures understanding

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Summary

- The role of system dynamics can be enhanced with additional tools, techniques and practices that focus on communication and facilitation
- It is important build influence and diagnosis skills, not just expert modeling skills...or to work with others who have some of these strengths

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