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Agenda item 3

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STRATEGY, PLANNING AND REFORM

Clarification of key issues related to the Report on the Fundamental Review of the Strategic Plan

Note by the Secretary-General

SUMMARY

Executive summary: At the Council's 113th session, the external consultant, Mr. Michael Brazukas, presented his Report on the Fundamental Review of the Strategic Plan. The Report prompted several comments from the Council, and in this document the external consultant's clarifications are presented related to some key issues

Strategic direction: 4

High-level action: 4.0.3

Planned output: 4.0.3.1

Action to be taken: Paragraph 5

Related documents: Circular Letter No.3514; C 113/D and C 113/3

Introduction

1 At its 113th session, the Council considered document C 113/3 containing the Report on the Fundamental Review of the Strategic Plan carried out by Mr. Michael Brazukas, President of the Strategy Management Institute. The Council extended its sincere appreciation to Mr. Brazukas for the report presented and noted his recommendations.

2 Furthermore, the Council decided that the Strategic Plan should be reviewed to ensure simplicity and to make sure that it would continue to serve the Organization going forward; that the Strategic Plan should be fixed for a six-year period; and that in order to give proper consideration to the recommendations in the Report, a working group would be established with the participation of all Member States.

3 A number of issues were raised in the course of the Council's debate that, in the opinion of the consultant, should be clarified before the Working Group on the Development of a new Strategic Framework consider the matter further. Mr. Brazukas has provided clarifications and guidance on these issues, which can be found in the annex.

4 This document will also be submitted for consideration by the Working Group on the Development of a new Strategic Framework that will meet from Wednesday, 24 June to Friday, 26 June 2015. Circular Letter No.3514 refers.

Actions requested by the Council

5 The Council is invited to consider the information provided in the annex.

ANNEX

RESPONSE TO THE COUNCIL PERTAINING TO THE ASSESSMENT OF THE IMO STRATEGIC PLANNING APPROACH

Introduction

1 This document intends to clarify some central issues related to the Report on the Fundamental Review of the Strategic Plan in document C 113/3 based on the comments and feedback from the Council at that session. There is also a need to provide clarification as the comments from the Council were helpful in better understanding the dynamics and realities related to the IMO governance approach, the need for Member State consensus, and how best to approach trade-offs and decision-making.

2 The following issues will be addressed, as they are essential to properly understand the philosophy behind the report submitted to C 113. The issues are:

- a. Clarification related to an enhanced leadership team model;
- b. Clarification related to the multi-year cadence of strategic plan refreshments;
- c. Clarification related to development of a Vision statement; and
- d. Clarification related to the sequence of Performance Indicator development.

Clarification related to an enhanced leadership team model

3 The strategic planning assessment report highlighted the need for an effective approach and process to develop the strategic plan and for ensuring focus within the strategic plan.

4 As such, the report (see the annex to C 113/3, section I, paragraphs 4 – 5 and section XVI, paragraph 81) recommended to enhance and/or leverage the structure of leadership to better enable and support the strategic planning development process.

5 Comments from the Member States, as well as the Secretary-General, underscored the sensitivities related to the "Leadership Team" suggestions. In particular, the comments highlighted the perception that such a change would represent a significant and undesired shift within the Organization, and emphasized the need for a transparent process, where all Member States and stakeholders could provide input. At the same time some Member States also found merit in considering the proposal further, and not dismissing it outright.

6 Looking forward to the future implementation of a new strategic plan, the recommendations in the report strongly advocate that a new IMO strategy would have to be more focused. For example, IMO will need to effectively develop a new set of Trends, Developments and Challenges, which will need to be narrowed down to the most important issues. A new Vision statement will also need to be created that inherently focuses on the direction of IMO. And, the future Strategic Directions and new Planned Outputs will need to represent the most strategic areas, and thus require a focused approach.

7 Currently, preparatory work on the strategic plan is carried out by the Secretariat, based on decisions taken in Council and committees. The underlying intent of the recommendation related to the Leadership Group was to outline the need for a process

whereby a number of people could act in a drafting and filtering capacity to help facilitate and expedite ideas and suggestions for consideration by the Council. Final refinement and decision-making would, of course, remain with the Council.

8 The idea was to utilize already existing roles and functions within the Organization to establish this group. Additionally, the example provided was constructed to ensure broad coverage of the diverse topics affecting the Organization. As such, it included existing functions and roles covering both the Member States and the Secretariat, including the Council and committee chairmen, as well as the Secretary-General and his Senior Management.

9 Furthermore, the group was composed by a limited number of people, as the intent would be that the group could work without being constrained by the formal meeting mechanism including being faced with deadlines for submission of meeting documents. This would facilitate that work could take place in between meetings, and Council and committee sessions would be presented with focused and concise information to progress onto the next steps in the strategic planning process.

10 As words matter, the label applied of "Leadership Team" was likely distracting from the underlying intent. It is not a group that would lead the process, but rather to facilitate and filter the information in order for decisions to be made at the appropriate level. A better name for the group is warranted, such as a "planning team" or similar. But the exact wording should be left until such a time where the strategic planning process has been described in detail.

11 The report attempted to combine a best practice from other mission-based organizations and build upon the existing leadership structure within IMO (taking into account the need for one unifying strategy for the whole Organization). Given the challenging nature of the issue, further exploration of the right solution is necessary. The solution would have to strike the right balance between being inclusive to all ideas and suggestions, while allowing the Organization to make progress on trade-off and focus-related decisions within the necessary timeline.

Clarification related to the multi-year cadence of strategic plan refreshments

12 The report outlined a process building on the existing six-year horizon view and the biennial planning cycle. Furthermore, paragraph 82 described multiple process enhancements related to activities to be performed every six years and every two years.

13 Related to the process timeline and cadence, there are two specific points to clarify.

14 First, the six-year cycle for the strategic plan horizon should remain, though with one major change. Instead of a rolling six-year view that is extended every two years (each biennial cycle), the six-year time horizon would become fixed. This in turn would mean that the Trends, Developments and Challenges would be completely rebuilt every six years (preferably in year five of the cycle). The new Trends, Developments and Challenges would then kick off a process to subsequently redevelop the Strategic Directions, as well. This means every six years, a complete refreshing of the strategy would be completed.

15 Second, the two-year biennial cycle should remain intact. Every other year (in years two and four), the Strategic Directions should be revisited and refreshed for minor modifications in order to ensure that they remain current, and the Planned Outputs should be updated, refreshed and tuned for the given biennial cycle. These two-year cycles would be the minor cycle events to adjust the strategy within the six-year cycle.

Guidance related to development of a vision statement

16 The report outlined the need to develop a Vision statement within the overall structure of IMO's strategic plan. Paragraph 25 described an approach and structure to develop a useful Vision statement to help bind together the IMO strategy (e.g. a north star).

17 In order to develop a proper Vision statement, it is imperative to first inform those who craft it with a sense of the issues and dynamics facing the Organization. Such inputs may dramatically affect the articulation of a Vision.

18 Therefore, it is advised that the Trends, Developments and Challenges be developed first and then the chosen issues and the accompanying analysis be infused into the thinking of those who draft the Vision statement.

19 With such in-depth information in mind, the Vision statement can provide the concise formulation of what should be measurably achievable in the six-year time horizon and how the Organization should focus its efforts to be most effective and efficient.

Guidance related to performance indicator development

20 The report highlighted the need for a simplified and more rational use of Performance Indicators.

21 Paragraph 27 of the report described a clear set of recommendations for how to redevelop Performance Indicators in a manner that will ensure their utility in developing and managing to the strategic plan.

22 Comments during the Council indicated clear support for addressing the Performance Indicator problems and to redevelop them in the appropriate fashion. However, the overriding viewpoint voiced was a preference to delay the Performance Indicator work until the last step in a future process.

23 It is important to point out that Performance Indicators play an extremely important role in the development of a strategic plan, and their development needs to occur at a prescribed point in time that fits into the logical progression of the strategic plan elements.

24 Specifically, the Performance Indicators should be developed immediately following the drafting of the new Strategic Directions and before the drafting of the new Planned Outputs.

25 This sequence is important for two reasons. First, the Performance Indicators help to refine and minutely define the essence and intent of the Strategic Directions. As a result, the articulation of draft Performance Indicators often alters the identification and selection of Strategic Directions.

26 Second, the Performance Indicators – together with their draft targets and presumed current performance – help to objectively clarify what actions are needed to support and drive Strategic Directions. It is then much easier to identify and select the most impactful, aligned and cost-effective Planned Outputs to drive the strategy.

27 Therefore, the Performance Indicators should be developed at such a time when they add the optimal value to the strategic planning process.