



# Measuring What Matters

Managing Risk and Achieving Business Success through Trust and Accountability



*By Mark Coleman, CMM*

**CMM**  
CONVERGENCE MITIGATION MANAGEMENT

*“It takes 20 years to build a reputation and five minutes to ruin it.*

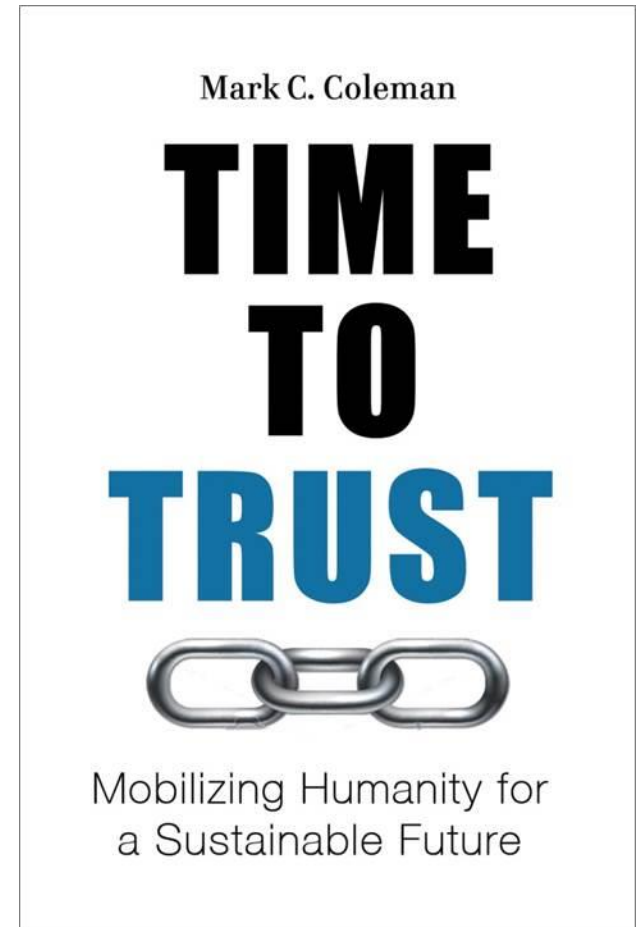
*If you think about that, you'll do things differently.”*

– Warren Buffett

# Scope/Agenda

3

- Measuring What Matters in a Dynamic World
- Change & Risk Management: Scoping What Matters
- Leadership Skills for the 21<sup>st</sup> Century - Trust & Personal Accountability are Essential for Success



A photograph of a classroom from a rear perspective. Several students are seated at desks, with their hands raised in the air, indicating they want to participate or answer a question. In the foreground, a girl in a red shirt with pigtails and a girl in a light blue shirt are visible. In the background, a boy in a dark blue shirt and a girl in an orange shirt are also raising their hands. A chalkboard with faint, illegible writing is visible behind the students. The text "TIME TO TRUST" is overlaid in the center of the image in a large, white, bold, sans-serif font.

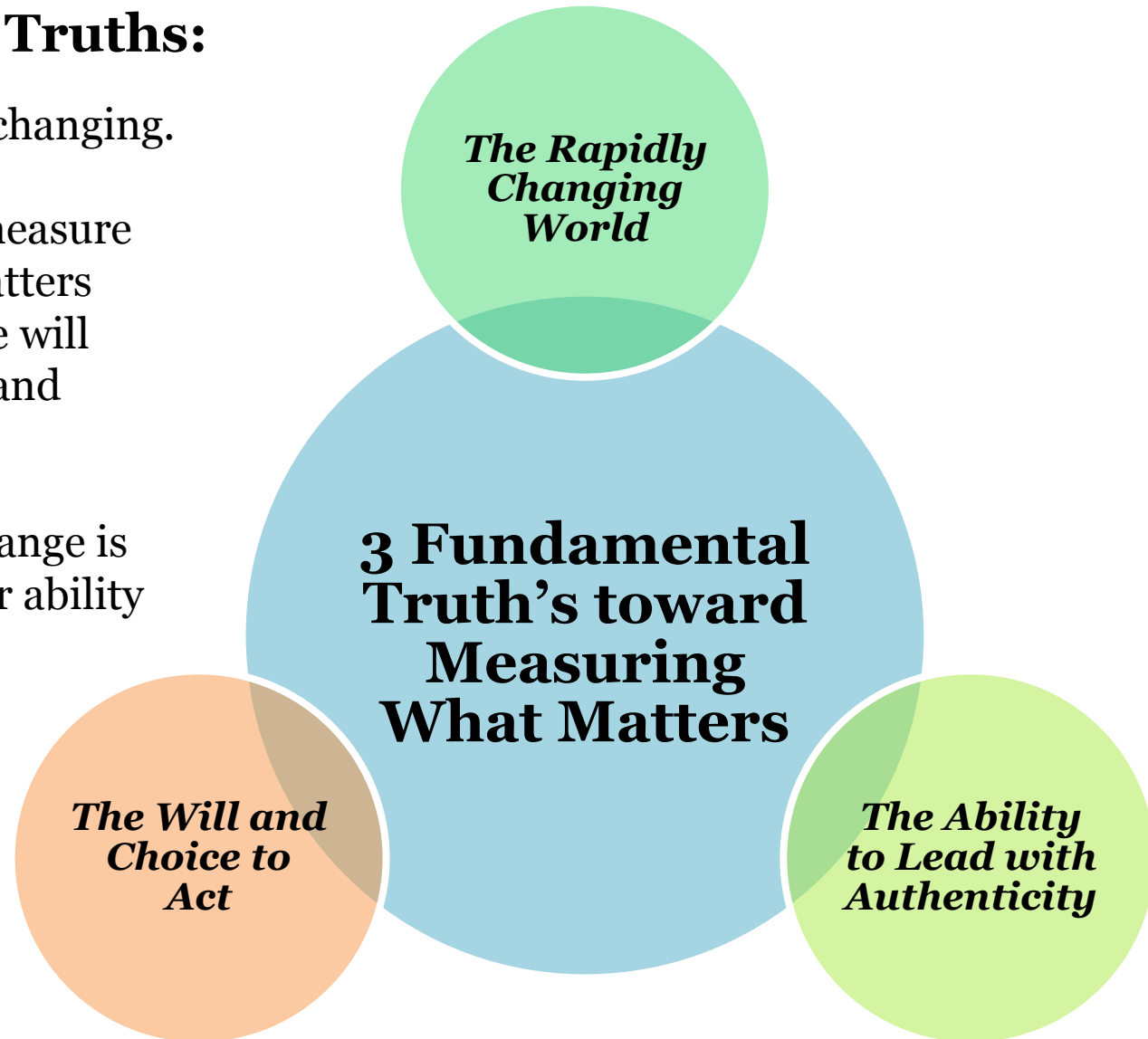
**TIME TO TRUST**

# Measuring What Matters in a Dynamic World

5

## Three Fundamental Truths:

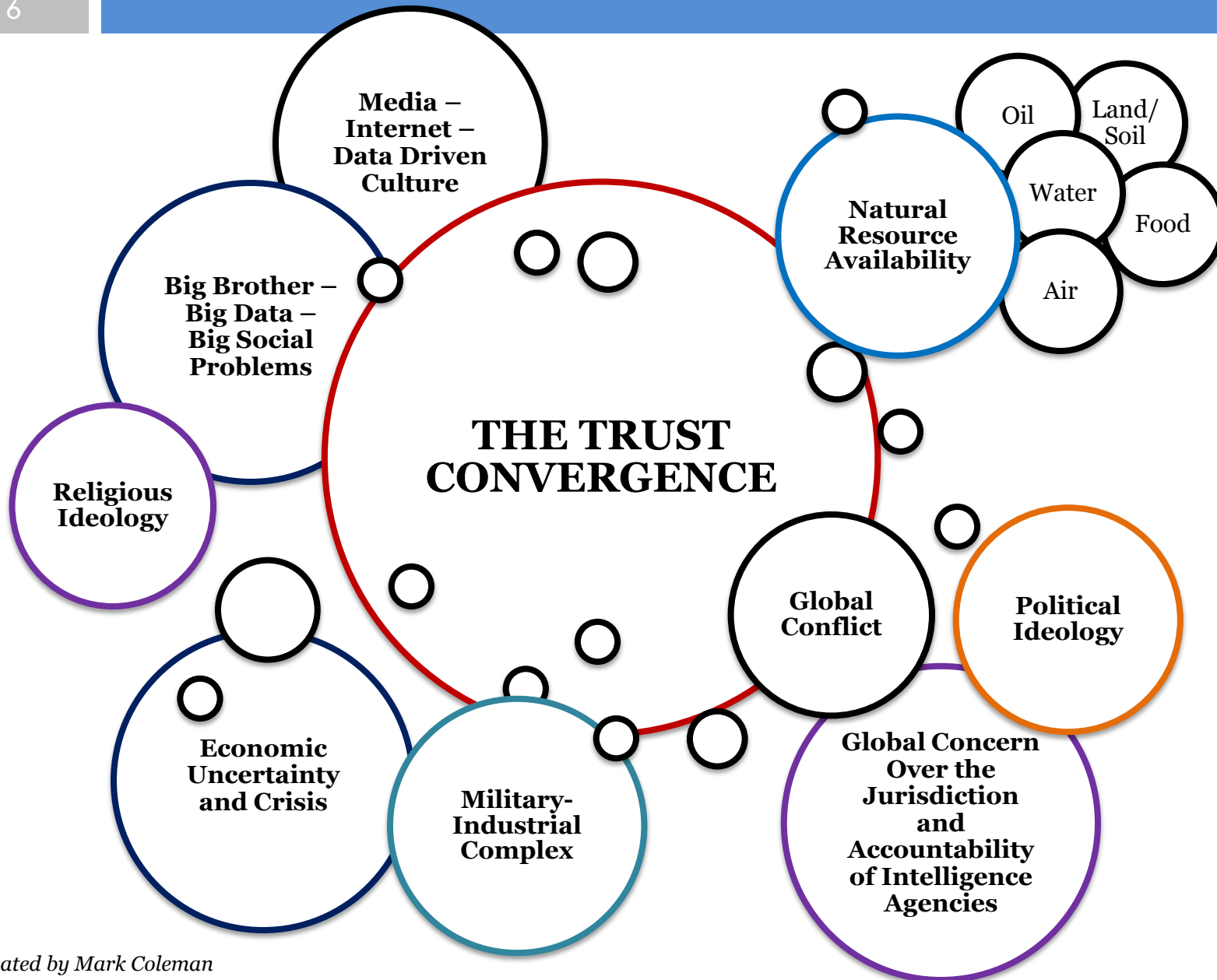
1. The world is rapidly changing.
2. How you choose to measure and manage what matters amid eminent change will dictate your present and future success.
3. The ability to lead change is real; it resides in your ability to build trust.





# The Dynamic Economy: Converging Issues

6

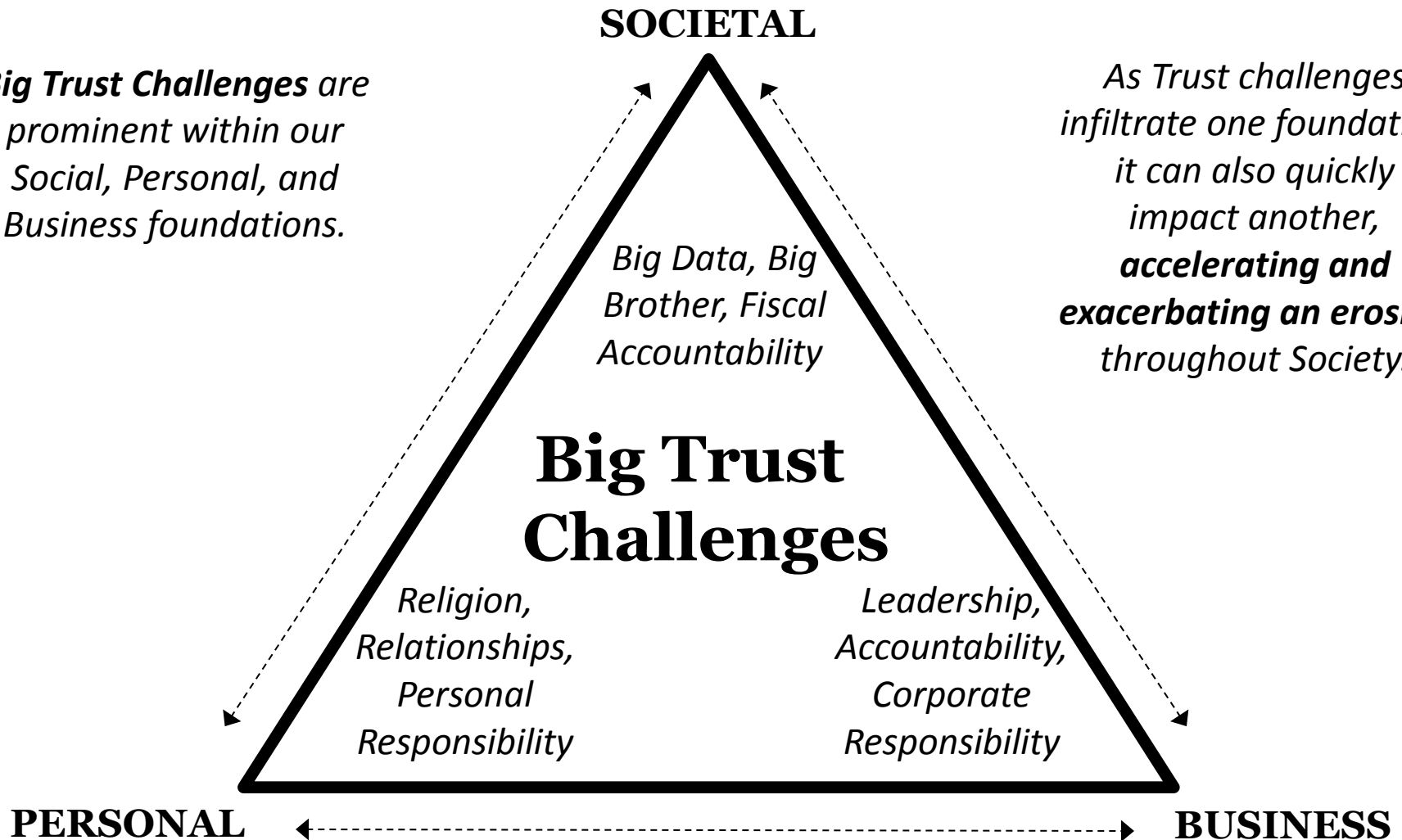


# The Foundational Erosion of Trust

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*Big Trust Challenges are prominent within our Social, Personal, and Business foundations.*

*As Trust challenges infiltrate one foundation it can also quickly impact another, **accelerating and exacerbating an erosion** throughout Society.*

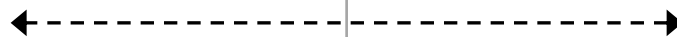


# To begin with – What Matters???

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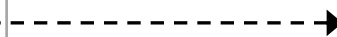
## The Risk & Value Equation

| <b>Operational Managers</b>  | <b>Risk/Program Managers</b>  | <b>CFO</b>  |
|--|---|---|
| <ul style="list-style-type: none"><li>• <i>Staff/Site/Program projections are OK</i></li></ul> | <ul style="list-style-type: none"><li>• <i>No period of adjustment (i.e., reserves)</i></li></ul> | <ul style="list-style-type: none"><li>• <i>No Surprises!</i></li><li>• <i>Where are things heading?</i></li></ul> |



*Manage Process/Operations*

**PROJECT**



*Manage Exposure*

**PROGRAM**

**BUSINESS**



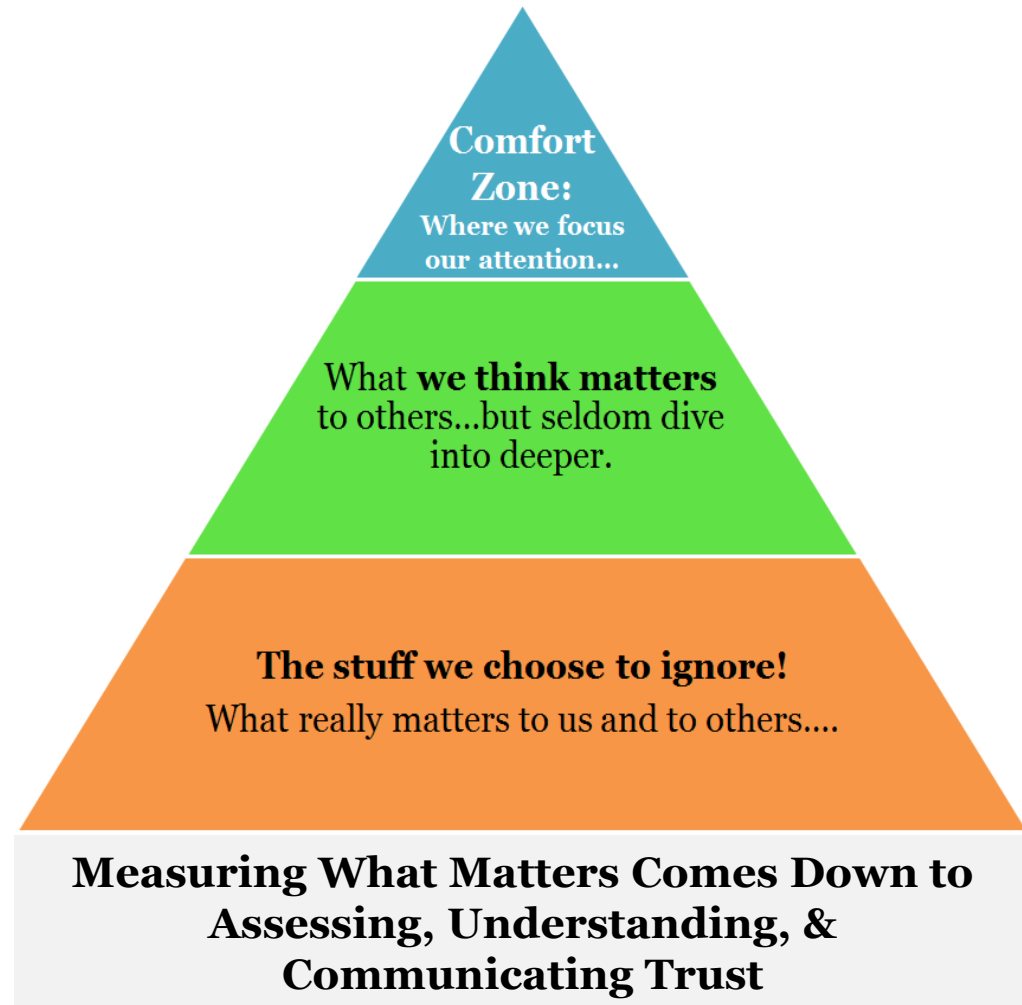
How can you influence this process?



# Measuring What Matters Requires Trust

9

- **Assess /Understand** – Think about the “*problems that exist versus the problems we actually focus on.*”
- **Empathize/Evaluate** – Listen to and clearly decipher the unique and differentiating needs of a diverse set of stakeholders. Focus on fact finding – not fault finding.
- **Customize** – Make communications authentic and consequential to others; unravel what matters most to them.
- **Implement** – Take an action to establish and build trust at all levels of the organization. Leverage the trust-relationships mutually (so that your goals and theirs are met).



# Measuring What Matters Needs Accountability

10

## Stakeholders

- C-Suite (CEO, CFO, COO, etc.)
- Operational Leaders
- Line/Staff Leaders
- Committees
- External Stakeholders

## Motivations

- Money (revenue, earnings, profit/loss, capitalization, bonuses, ROI, etc.)
- Power (influence, growth, etc.)
- Performance (operational metrics, safety, staff development/training, etc.)
- Community Engagement
- Regulatory compliance

**Accountability begins and ends with you!**

Measuring what matters requires “you, me, and we” to collaborate, but ultimately you are essential to the mobilization of this process.

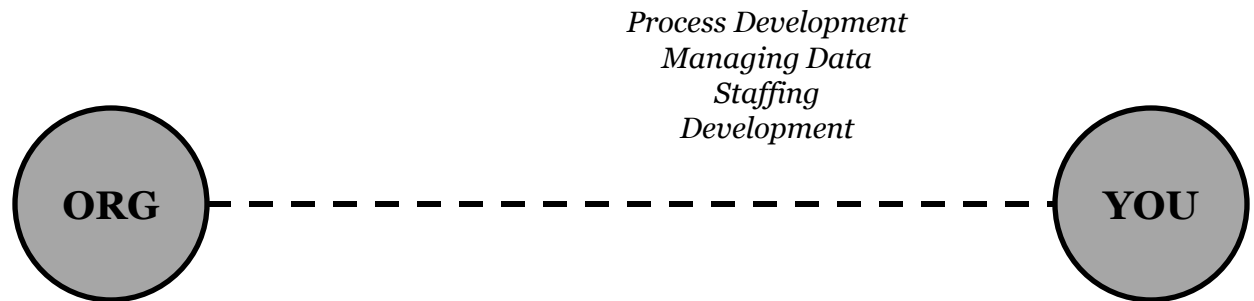
An orange excavator is positioned in a field, its large silver bucket filled with hay. The excavator's arm is extended, and the bucket is tilted, showing the texture of the hay. The background is a clear blue sky and a flat, open landscape. The text "TIME TO TRUST" is overlaid in large, white, bold letters across the center of the image.

**TIME TO TRUST**

# The Dynamic Evolution of What Matters

12

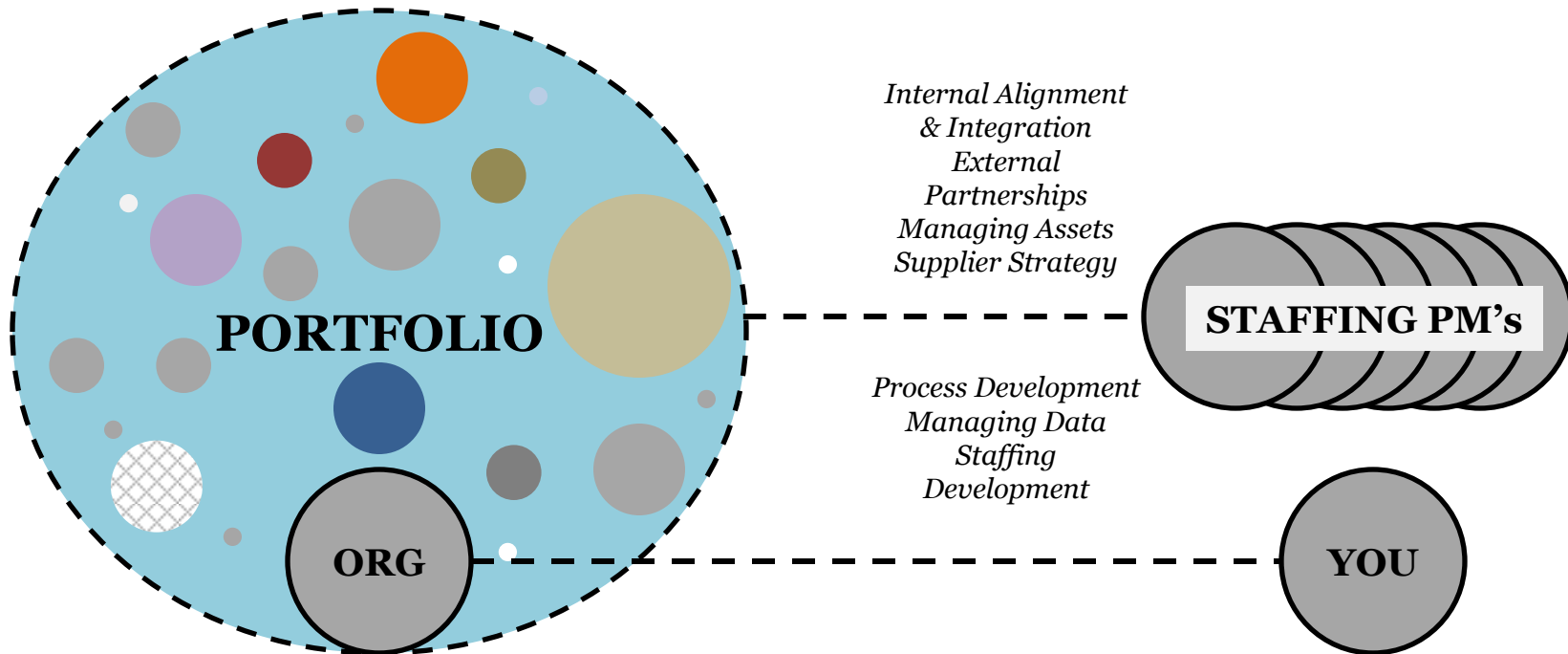
ADDRESS



# The Dynamic Evolution of What Matters

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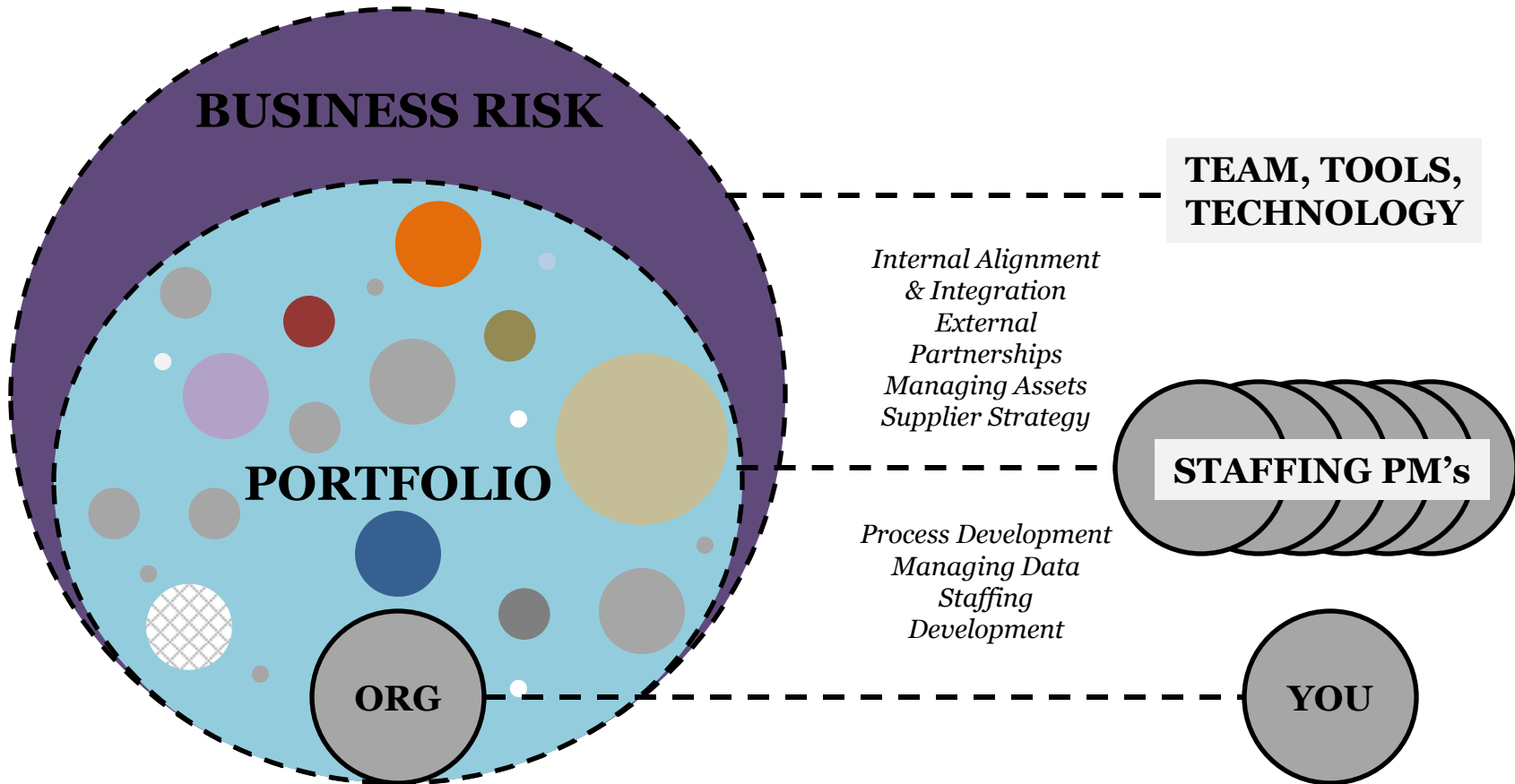
MANAGE  
ADDRESS



# The Dynamic Evolution of What Matters

14

ADDRESS  
MANAGE  
MITIGATE

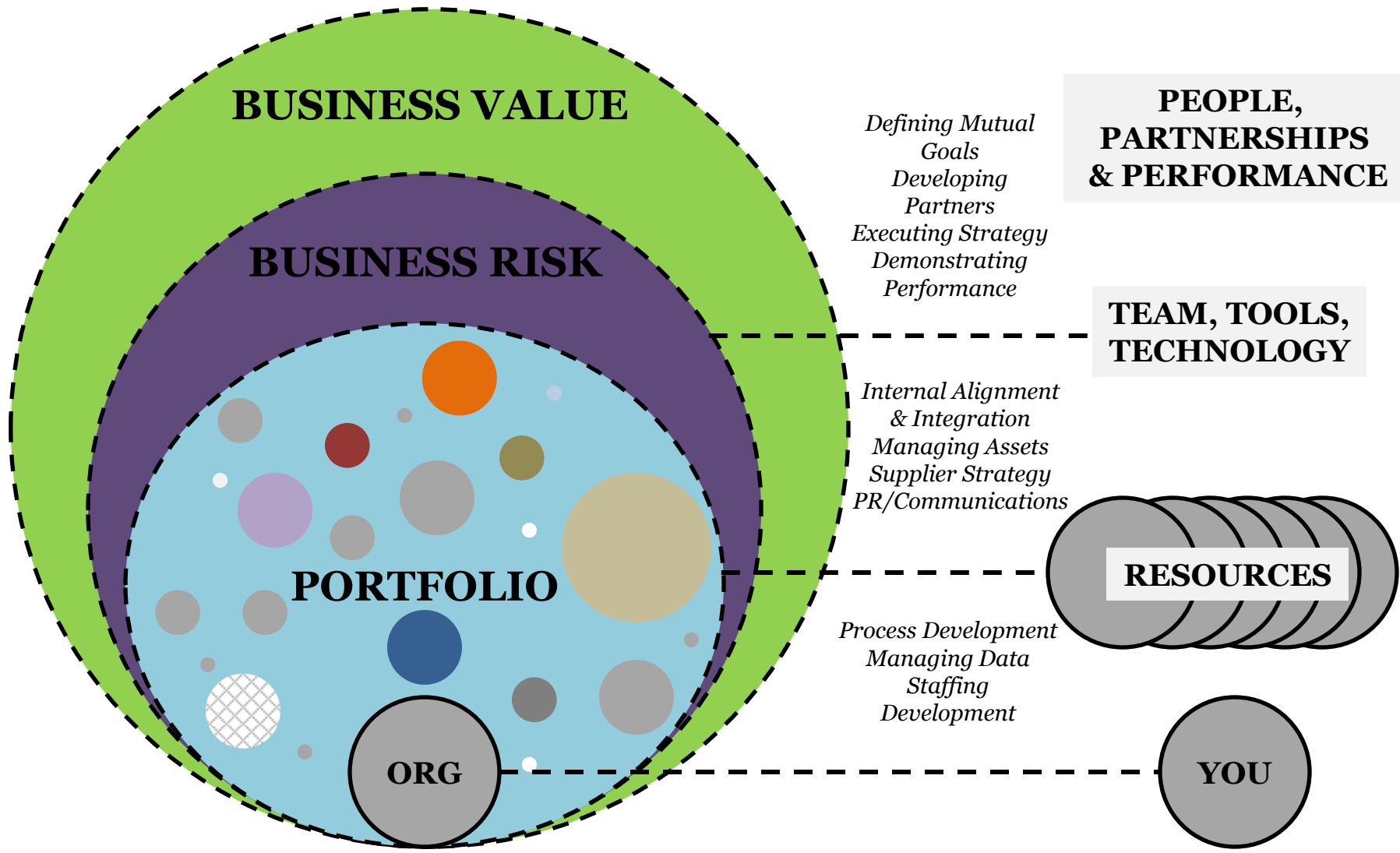




# The Dynamic Evolution of What Matters

15

CREATE  
MITIGATE  
MANAGE  
ADDRESS



A high-speed train, possibly a Shinkansen, is stopped at a station platform. The train is white with a blue stripe and has its headlights on. The station has a large, arched glass and steel roof. The text "TIME TO TRUST" is overlaid in large, white, bold letters across the center of the image.

**TIME TO TRUST**

*“Trust is one of the most important and essential features of the modern world. Without it, most human activities—from interpersonal relationships and mailing letters to boarding aircraft and taking medicines—would grind to a halt like machines drained of oil. Many institutions, from science to religion, have been shaken recently by controversies involving trust. Yet trust is difficult to examine in a comprehensive and systematic way.”*

— The Trust Institute  
Stony Brook University

# Defining Trust

18

## TRUST

Trust is the foundation of human morals and values which guide social behaviors and accountability.

It is also the glue that binds all human engagements and interactions: *interpersonal, business, community, religious, family, governance, legal, etc.*

### Similar Words and Synonyms

- ❖ Belief
- ❖ Certainty
- ❖ Confidence
- ❖ Conviction
- ❖ Credence
- ❖ Dependence
- ❖ Empower
- ❖ Expectation
- ❖ Faith
- ❖ Hope
- ❖ Invest
- ❖ Organization
- ❖ Partnership
- ❖ Positiveness
- ❖ Reliance
- ❖ Stock
- ❖ Sureness



# The Financial Significance of Trust

19

## Trust is Big Business

People put their *Trust* in Religion, Philanthropy, Business, Politics, Marriage, and among many other things.

*Trust* is the common denominator that binds together most of life's most critical human relationships.

*Trust* is a *multi-Trillion dollar business* that can pay dividends on both the up-and-down slope of *Trust Triggering Events*.

### Trust Expenditures...

\$2B

2012 Presidential Race donations

\$28B

Estimated industry size and total costs of divorce annually in US

\$51B

Estimated Wedding industry size

\$70B

Amount American's gave to Religious organizations in 2012

\$316B

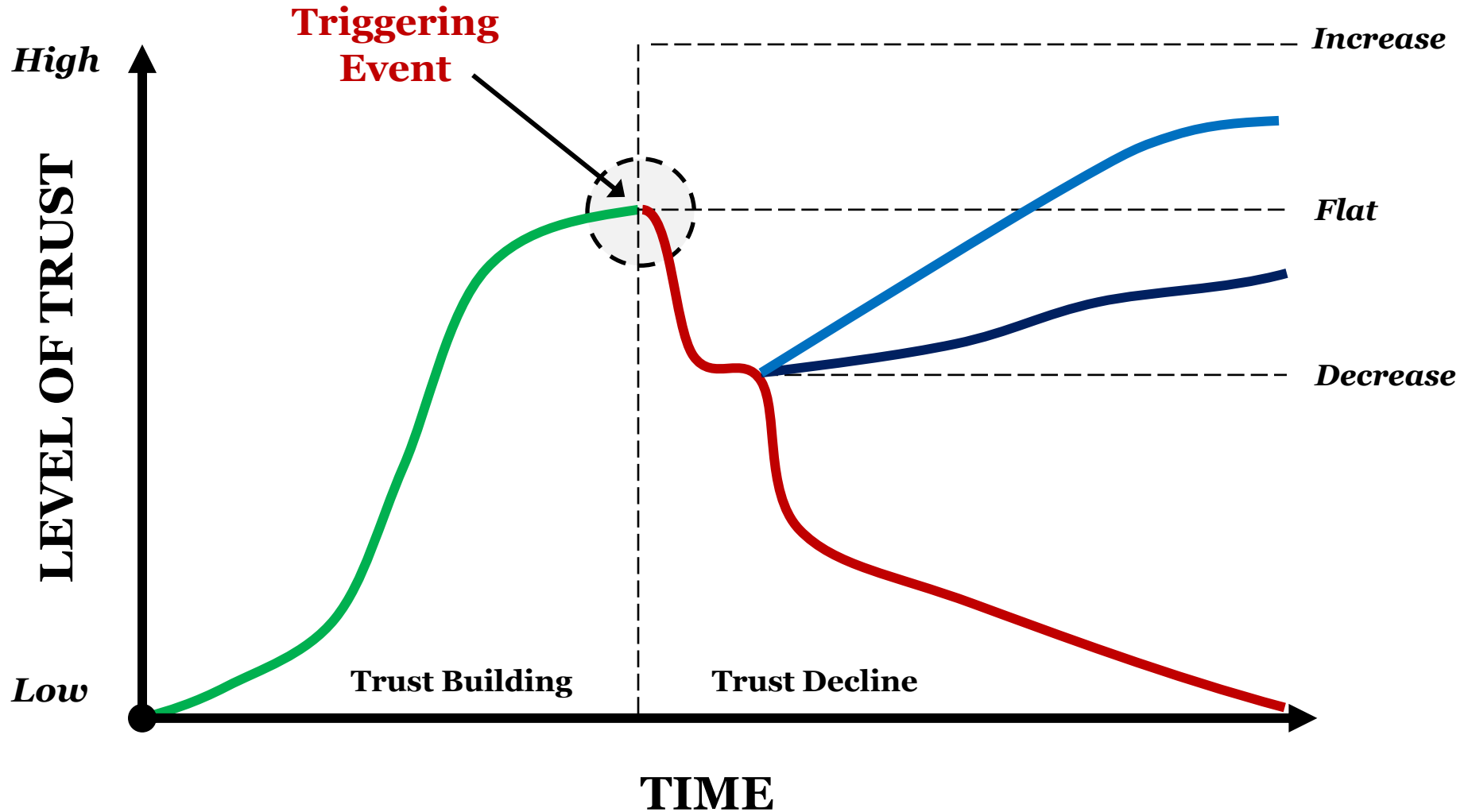
Amount American's gave to charities in 2012

\$2.25T

Estimated valuation of corporate M&A activity in 2012

# The Trust Triggering Event

20





# Triggering Event Example: BP Deepwater Horizon Oil Spill

21

| Indicator                   | Impact  |
|-----------------------------|---|
| Stock Performance           | >\$60/share pre even<br><\$27/share post event<br>>122% drop in stock price |
| Market Share/Capitalization | Loss of \$100 Billion   |
| Liabilities                 | \$41 B+   |
| Reputation & Market Access  | Significant North American loss of reputation and market access             |

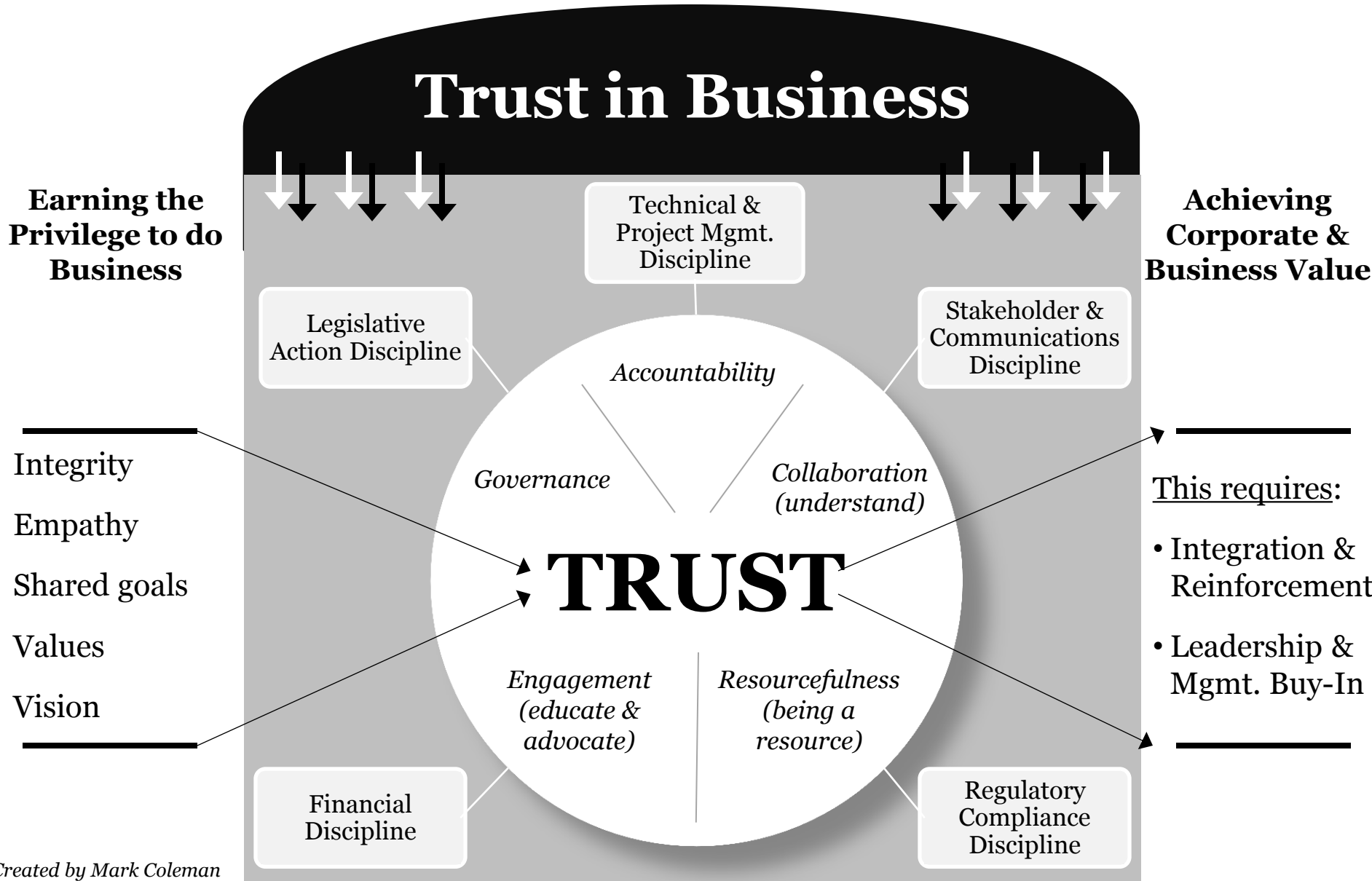
BP's 2011 Annual SEC Report (Form 20-F) stated:

- We recognized charges totaling \$40.9 billion in 2010 as a result of the Incident. The total amounts that will ultimately be paid by BP in relation to all obligations relating to the Incident are subject to significant uncertainty and the ultimate exposure and cost to BP will be dependent on many factors.
- Furthermore, the amount of claims that become payable by BP, the amount of fines ultimately levied on BP (including any determination of BP's negligence), the outcome of litigation, and any costs arising from any longer-term environmental consequences of the oil spill, will also impact upon the ultimate cost for BP.
- Although the provision recognized is the current best estimate of expenditures required to settle certain present obligations at the end of the reporting period, there are future expenditures for which it is not possible to measure the obligation reliably.

**“The Gulf of Mexico oil spill has had and could continue to have a material adverse impact on BP.”**

**“...Access and renewal – BP’s future hydrocarbon production depends on our ability to renew and reposition our portfolio. Increasing competition for access to investment opportunities, the effects of the Gulf of Mexico oil spill on our reputation and cash flows, and more stringent regulation could result in decreased access to opportunities globally. ..”**

*BP Form 20-F Annual SEC Filing (dated 3/2/11)*



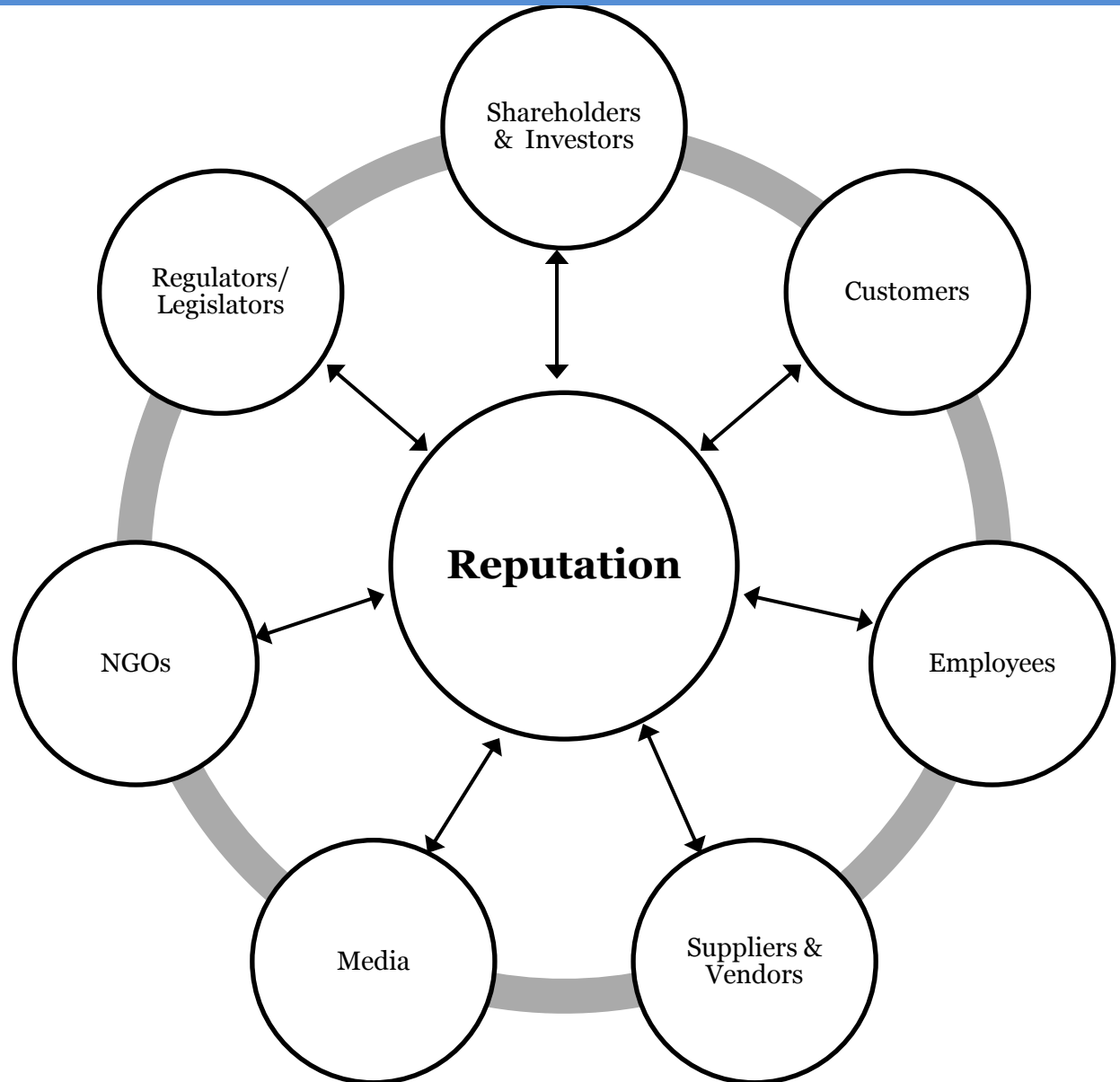
# Influences on Business Reputation

23

*“Regard your good name as the richest jewel you can possibly possess”  
-Socrates*

*“If you lose money for the firm, I’ll be understanding. If you lose reputation for the firm, I’ll be ruthless.”  
-Warren Buffett*

*“Reputation: You only know what it’s worth, when it lies in tatters.”  
-Financial Times*





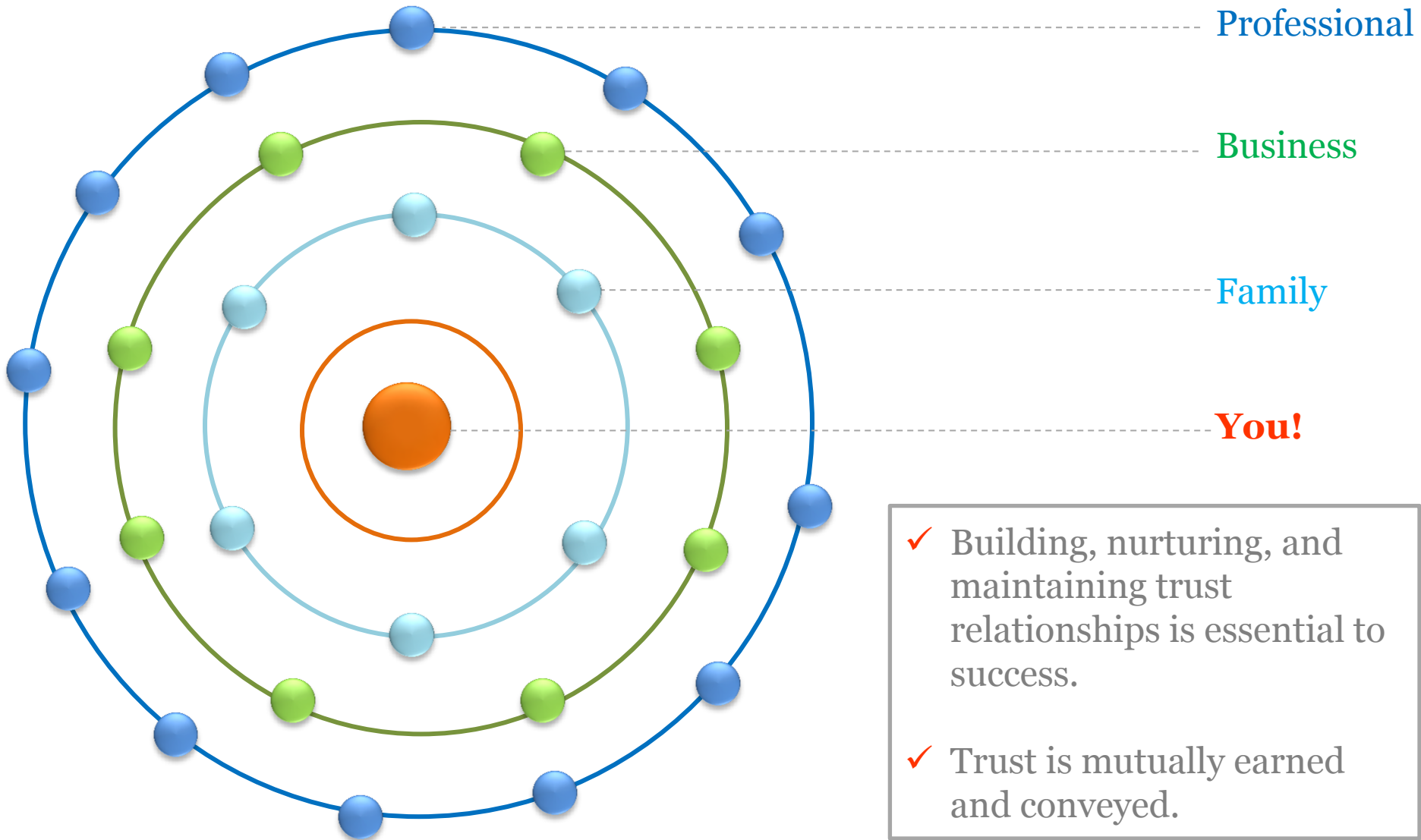
**TIME TO TRUST**

*“The leaders who work most effectively, it seems to me, never say "I." And that's not because they have trained themselves not to say "I." They don't think "I." They think "we"; they think "team." They understand their job to be to make the team function. They accept responsibility and don't sidestep it, but "we" gets the credit. This is what creates trust, what enables you to get the task done.”*

– Peter Drucker

# Managing Trust Relationships: Your Confluence of Influencers

26





# The Trust Triage

27



**Trust in You** – Believing in oneself and having personal confidence.

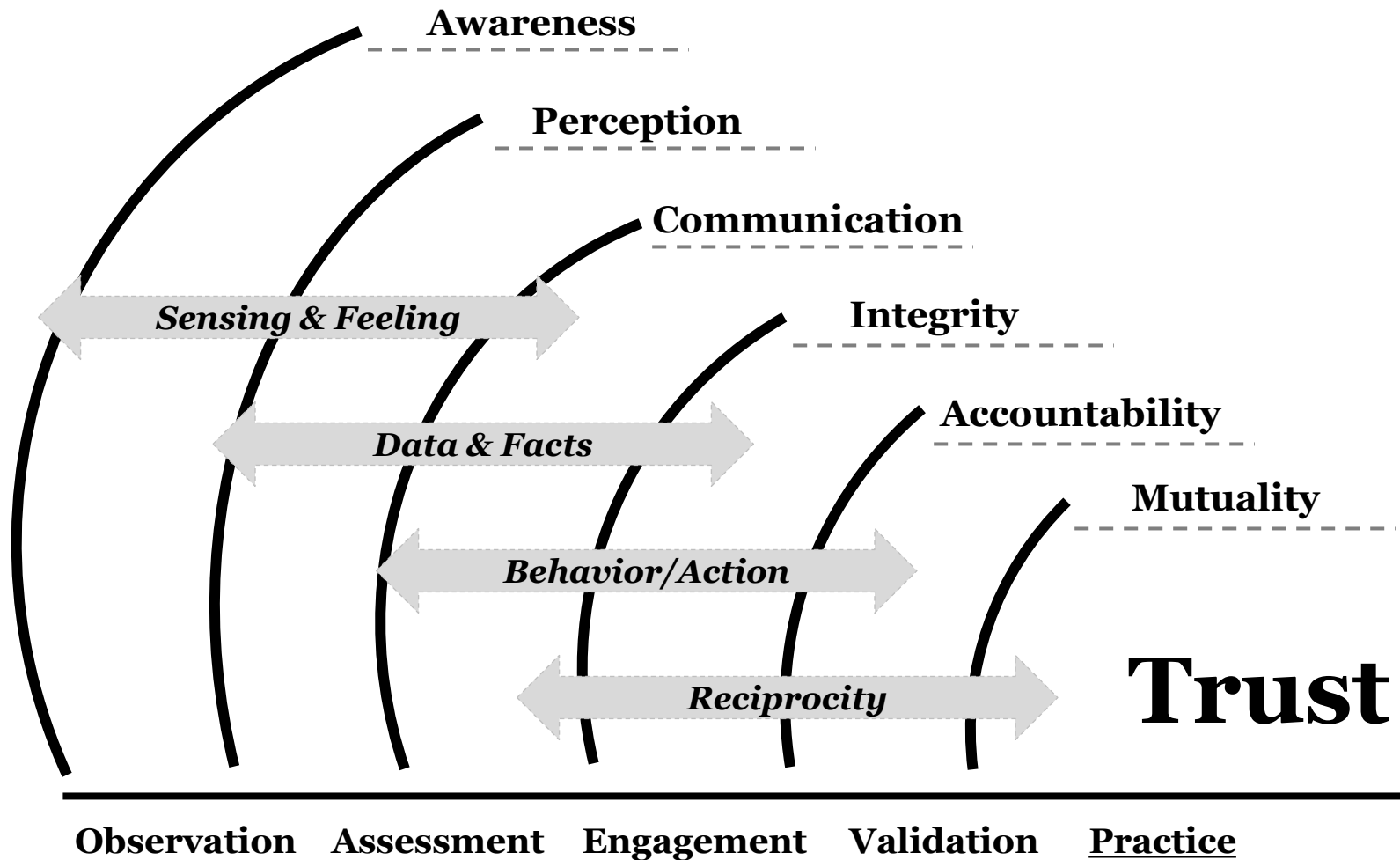
**Trust in Me** – Believing in, and having confidence in others.

**Trust in We** – Believing in the power and potential of a collective group, community, society.

*Created by Mark Coleman*

# Peeling Back the Onion on Trust

28



Created by Mark Coleman

- ❖ Trust is built upon mutually beneficial relationships.
- ❖ Informed decision-making and calculated risk are by-products of trust relationships.
- ❖ When trust is present, individuals and organizations thrive.

# Balancing Emotion in Trust

29

*People and our management of data, information, knowledge, and emotion is the beating heart of Trust.  
Truth and Trust are two different things.  
Emotion can get in the way of Trust.*

*Under Analytical*

*Indifference*

**MIND**  
*Thinking*

**HEART**  
*Feeling*

*Over Analytical*

*Over Passionate*

**TRUST**

*Trust is a mutual connection requiring at least two parties that equally commit to the provision of giving and receiving a perceived or real value between a conscious and unconscious bond.*

# The House of Trust

30

**VISION & GOALS**

**VALUES & BELIEFS**

- ❖ **SHARED GOALS**
- ❖ **COMMUNICATION**
- ❖ **ACTION/ENGAGEMENT**

**VALUES & BELIEFS**

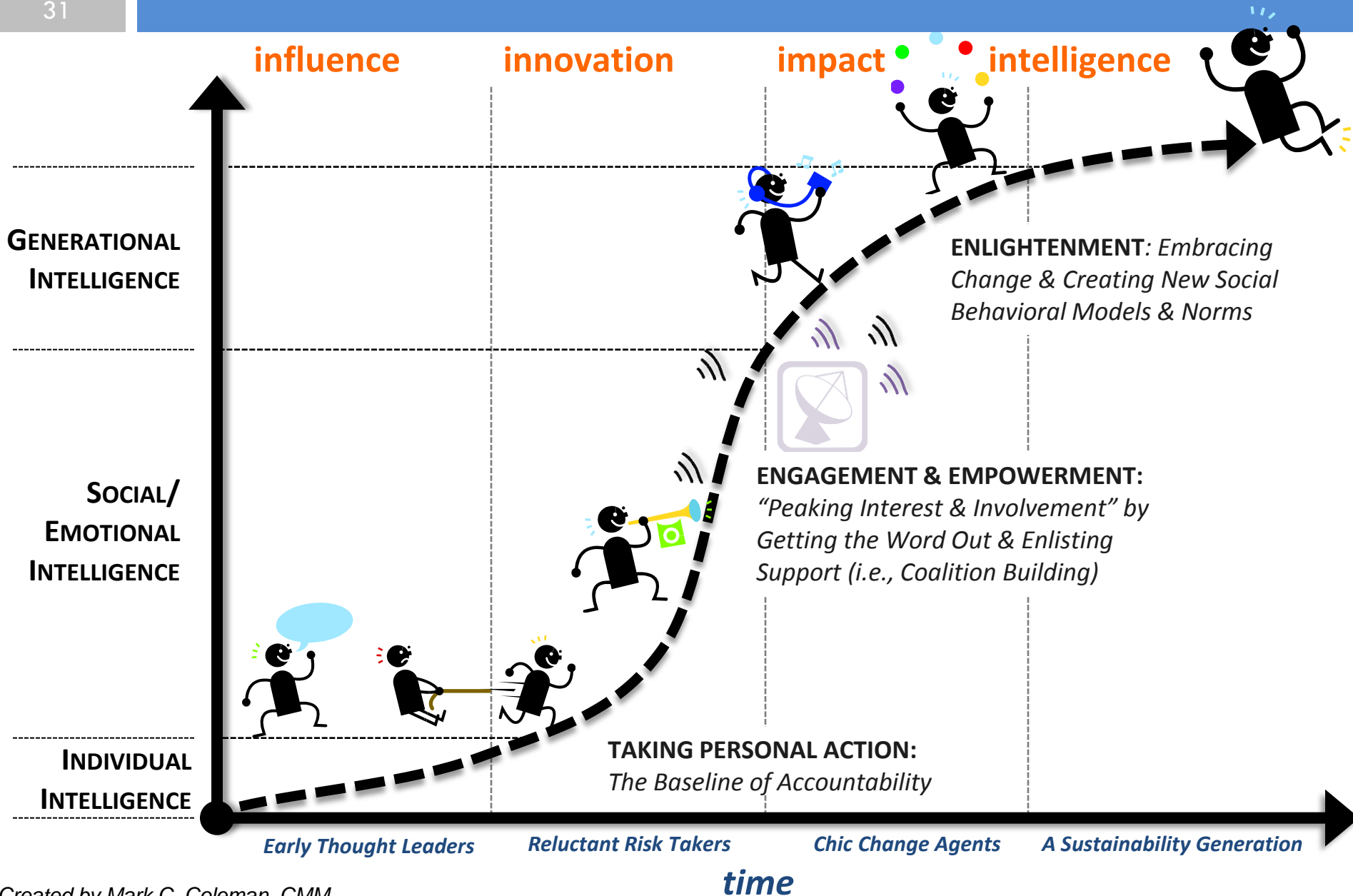
**AUTHENTICITY & INTEGRITY**

**How to create and reinforce TRUST:**

- **Begin by establishing and maintaining a strong foundation in Authenticity and Integrity**
- **Have empathy and a social consciousness to the world so that the values and beliefs of all stakeholders can be constructed into a common framework**
- **Articulate the shared vision, values, and goals in clear and actionable ways**

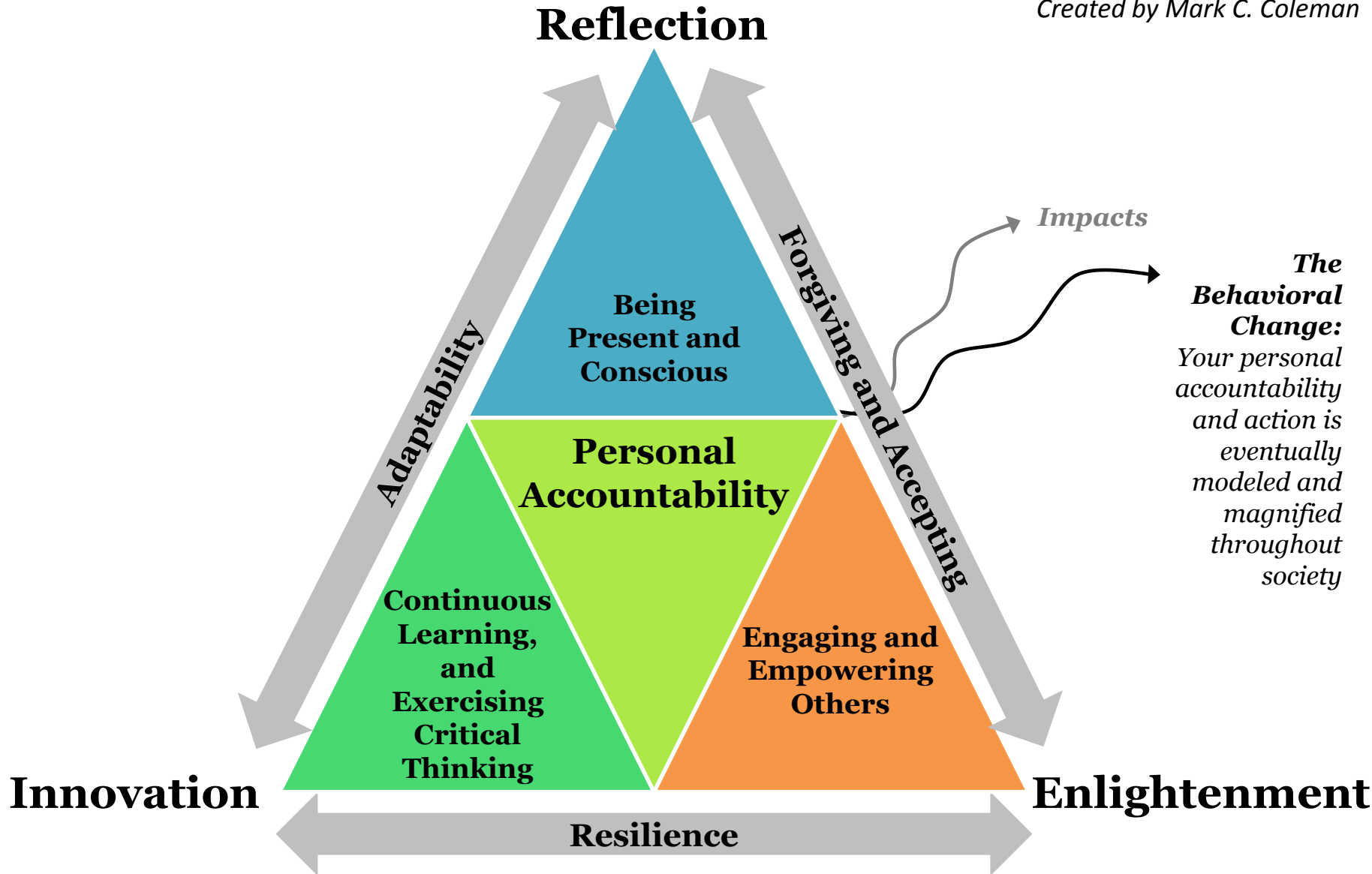
# Trust: The New Generational Intelligence

31



# Trust: Making it Stick

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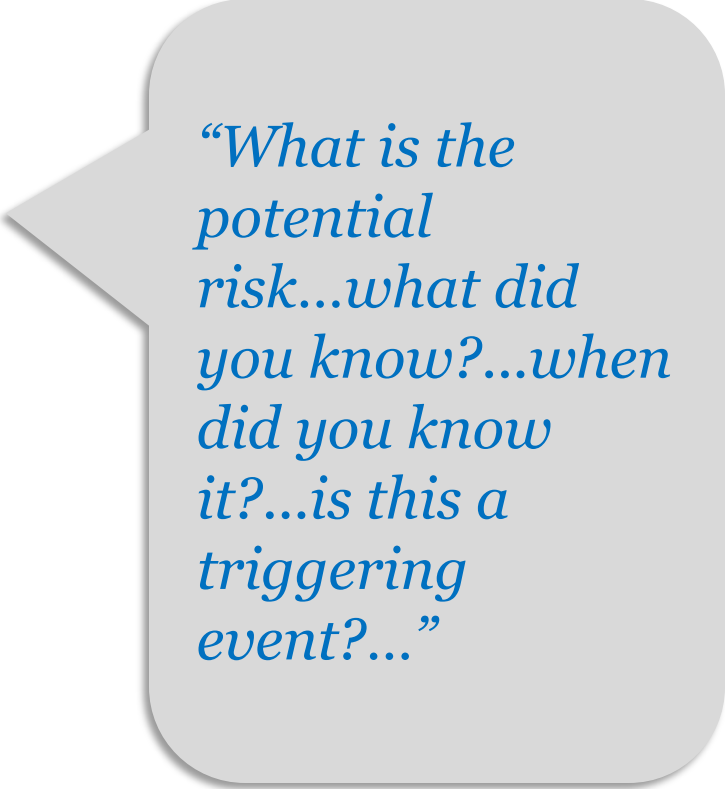
**TIME TO TRUST**



# Measuring What Matters: Observations/What We've Found...

34

- **The Risk & Value Equation**
  - Performance Metrics
    - What are the KPI's?
    - KPI's are dependent upon where you sit in the organization, your scope of responsibility and influence, and who you report to (*i.e.*, PM, Director, CFO, CEO, Member of the Board).
  - Defining Success
  - Measuring Value & Success
    - How do you demonstrate progress?
    - Stage-gating is good, one measure of performance
  - How to Communicate Value
    - How do you know when you do a good job?



*“What is the potential risk...what did you know?...when did you know it?...is this a triggering event?...”*

# Measuring What Matters: Observations/What We've Found...

35

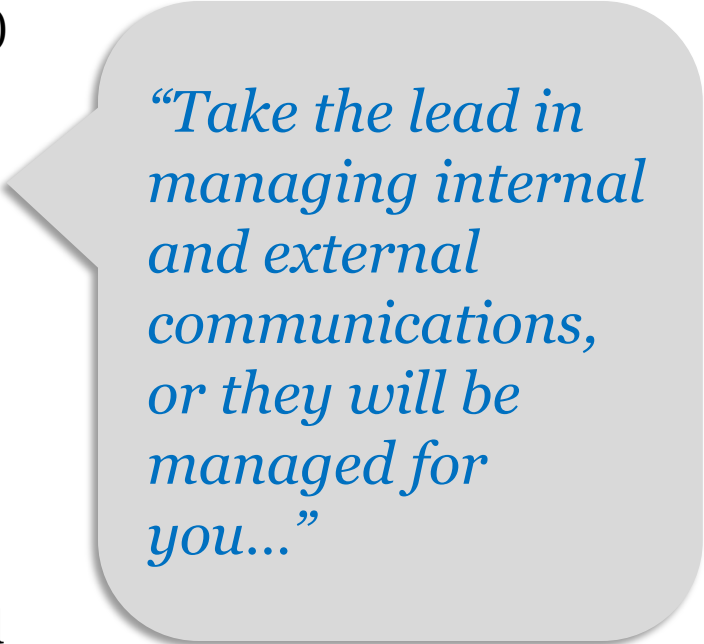
- **Measuring Success**
  - How to demonstrate value from the program to the org/business?
    - Connect the dots with other corporate functions - “Report up” to management and “across” the team to demonstrate value
    - “Manage the Plan...Don’t let the Plan Manage You”
  - Key metrics can include:
    - Cost avoidance
    - Spend (evaluating projects by spend chunks)
    - Spend efficiency
  - Identify and use “easily accessible data”
  - Less is more on metrics
  - Constantly looking for productivity improvements

*“Metrics have not evolved in step with the transition from a project to a risk management perspective...”*

# Measuring What Matters: Observations/What We've Found...

36

- **Achieving Success**
  - Proactive engagement (trust building) through early and continuous contact with internal and external stakeholders is essential to success.
  - Establishing “definitions” and working with clear facts and data are elements of strong communications.
  - Constructing internal teams and aligning (matchmaking) them with external stakeholders with similar backgrounds/points-of-view can yield positive results.
  - Partner with mutual interests.
  - The use of tools (*i.e.*, decision analysis tools) can help open dialog with stakeholders and stimulate their contribution and engagement in the process.



*“Take the lead in managing internal and external communications, or they will be managed for you...”*



## Measuring what matters is dependent upon:

- **Accepting Change**
  - The world is rapidly changing
- **Managing Change**
  - Resiliency, adaptability, sustainability, innovation are renditions of responses for and managing change
- **Managing Trust & Accountability**
  - Building block of all human interaction
  - Bonds people-to-people, B2B, and so on
  - Essential to success in all facets of life

# Contact

38

[www.timetotrustbook.com](http://www.timetotrustbook.com)

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