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Australian Financial Review's Boss Magazine for 14th October 2005 recognizes popularity of Argenti system as key management tool for organizing your strategy

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Brad Hatch looks at a popular method for organising your strategy

The Idea: The Argenti system - named for UK consultant John Argenti - asks companies why they are in business as a way of focusing on strategy. At its core is the belief that if you can't get the required returns on equity, you should return it to shareholders. Detail, rhetoric and the day-to-day operations cloud the ability of a manager to define the strategic objectives of an organisation. Argenti forces the creation of a strategic direction for the business. The system puts profit and the question of return on capital at the centre of the business. It acts as a guide for conducting an internal review of defects in a company to prevent corporate failure or inappropriate business decisions. Change, according to Argenti, doesn't cause management failure, management mistakes do.

The Guru: John Argenti, is a semi-retired consultant who lives in Suffolk, on the English coast. Some 2000 businesses worldwide use his ideas on a regular basis. The books and manuals including the original thesis set out in his 1968 book *Corporate Planning: A Practical Guide* will set you back about \$4200. It's still a lot cheaper than consultants: Argenti is an in-house game - no outside experts are called in to facilitate.

The Advocates: Former Wesfarmers boss Michael Chaney - now chairman of the National Australia Bank - is a big fan of the Argenti System of strategic planning. As chief financial officer of the company in 1983 he had a dusty copy of the Argenti guide that prompted then chief executive Trevor Eastwood to run with the program. When Chaney took the reins in 1992 he oversaw 13 years of growth, much of which he attributes to Argenti. In fact Chaney is quoted on the Argenti website as saying: "The Argenti system has undoubtedly played a big part in our company's average annual 30 per cent return since 1984."

The Followers: Argenti is designed to engage the entire workforce, not just boards or management teams. The first step is to get the chief executive officer on board and excited about the system; after all, he or she will be in the driver's seat. The system is based on critical self-evaluation. It is a hands-on process led by the chief executive officer and a team of senior managers who sit through a series of half-day meetings and nut out big issues, or "elephants" - things that are going to have a long-term impact on the company. Argenti's strategic planning process is definitely not about sweating the small stuff. Elephants can include issues such as technological change, marketing, corporate culture and competitor activity.

The Method: Once the key players are in the room it's time for a confronting review of the business, with questions asked such as: Are you better off dead or alive? Are there divisions that fail to meet the capital tests? Can you achieve the target? Is the strategy the best available way of maximising returns? Would it be better to sell the business, or look for acquisitions? This internal audit, or "elephant hunt", is a chance to voice problems to the entire workforce.

The Goals: Argenti objectives must be concise, measurable and concrete. He bans the use of mission statements, calling them an "ego trip" for the CEO. Thus Wesfarmers has a classic Argenti simplicity to its approach, which is "to provide a satisfactory return to shareholders".
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