

## MAKING STRATEGY WORK FOR YOU

If strategy was a simple subject that could be reduced to a handful of models and case studies, we could find the answers we need in a slick airport paperback for £7.95. However, if any of the 'strategy' books in print really did provide the 'right answer' everyone would do it so it would immediately become the wrong answer!

The elusiveness of strategy lies in its complexity. Successful strategy takes more than just getting the content right (the right analysis, customer needs, market space, value drivers, etc). The key to unlocking the complexity of strategy is in its process, not content. Without effective strategic processes the content cannot be properly developed or implemented.

All content and no process is the reason why so many strategic plans end up gathering dust on the book shelf, even when written by consultants at a cost of millions.

Time is nature's way of preventing everything from happening at once but with strategy, everything is happening at once. Strategy is a continuous, dynamic process that doesn't happen in a vacuum, but in a turbulent, unpredictable world. As data is being gathered for analysis, it is being rendered obsolete by new products, new competitors and new markets.

**Strategies have to be alive – being challenged even as they are being implemented.**

The dynamics of strategy fall into five distinct but interdependent processes:

- Forming effective strategies
- Turning strategy into action
- Aligning the organisation
- Responding to emergent issues
- Integrating the learning

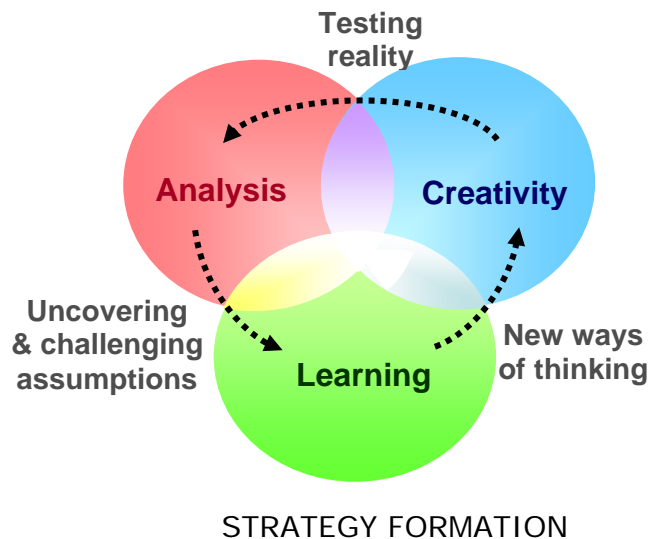
### **Forming Effective Strategies**

Most strategy theories fall into two schools - analytical and creative – yet the need for both analysis and creativity seems obvious. Analysis without creativity can leave a business stuck in the past, while creativity without analysis is just 'pie in the sky'. And hope is never a sound strategy.

However, the quality of strategic thinking can be influenced even more by the mindset within the organisation than by the degree of analysis or creativity. Mindset can lead to the rejection of new insights that result from analysis.

It can also lead to tunnel vision by constraining the level of acceptable creativity. So organisations get locked into yesterday's recipe for success, unable to respond to a changing competitive environment.

Analysis and creativity should open up strategic thinking, helping leaders uncover and challenge stuck thinking or tunnel vision, not reinforce it. In this way, the organisation can learn from its changing environment and develop new, creative responses to it.



### Turning Strategy into Action

On the surface, implementing strategy appears to be a straightforward, linear process: clarify and cascade the objectives, identify the key projects and activities, establish accountabilities, provide resources and incentives and deliver the outputs.

### Why then do so many strategies remain inactive or unrealised? Why is implementation always the hardest part of strategy?

Too many strategic plans make bold statements about what is to be achieved, with little thought given to how. Failure to consider the 'how' sufficiently can leave a strategic plan open to one of the two dangerous traps that lie in waiting during implementation:

- Focus on deliverables and outputs, rather than business and organisational outcomes. Things happen, things get delivered, objectives get achieved yet somehow the business benefits never seem to materialise as anticipated.
- Focus on deadlines, leading to 'right to left' planning where the work is squeezed to fit a fixed deadline, even if this leaves it substandard.

The challenge here is to manage the delivery of project outputs within the context of the bigger picture, putting at least as much emphasis on achieving the business outcomes as on the project deliverables.

Timing can be critical where there are limited windows of opportunity but delivery of a substandard output to a fixed deadline will limit the payback that is possible because it will require constant reworking or propping up.

## Aligning the Organisation

Organisations have a natural momentum all of their own. In the absence of clear strategy, people still turn up daily to make decisions and take actions. People's daily activities are shaped by many factors, including:

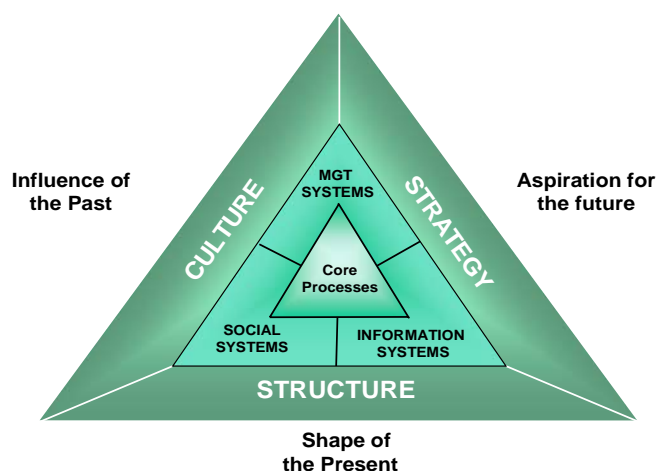
- what they think they should do or are told to do
- what they think they do well or like/dislike doing
- what they think gets measured or rewarded
- what customers or other people demand of them
- what turns up in the email or in the diary
- what they did the day before

Only a few of these influencing factors will have a direct link back to the strategy.

**These factors can cause people to behave in ways that hinder or block the strategy or, worse still, drive them in the opposite direction.**

Turning strategy into action not only requires identification of the critical tasks but also alignment of the organisation behind the strategy, so that people are clearly directed, motivated, measured and rewarded to complete those critical tasks.

Alignment begins with the core processes of the business and the critical strategic tasks. The management and information systems need to be in place to ensure alignment of these, together with that of the structure and the performance management systems and processes. Finally, the culture need to be aligned to ensure that employee values and behaviours are consistent with the strategy, both through formal policies, etc and through the informal social systems within the organisation.



## ORGANISATIONAL ALIGNMENT

## Responding to Emergent Issues

Strategies are not implemented in a vacuum. New opportunities and threats bubble up all the time and, while most may require only an operational response, some may be part of a larger pattern or trend that demands a strategic response.

Too many businesses get so locked into their strategy they are unable to recognise emerging issues, so they become stuck in the past, pursuing a strategy that may no longer be viable. Spotting the issue is one thing, responding to it is another. When organisations align around a fixed view of the future and a fixed strategy, they are likely to become too rigid to be able to respond to emerging issues.

Organisations need to build flexibility and responsiveness into their alignment processes. The ability to implement strategy well and react with poise and balance has been labelled 'organisational agility' – the ability to respond dynamically to change without a knee jerk over-reaction. This requires a culture that values challenge and support, learning and change, empowerment and accountability, and has restlessness with the status quo and a refusal to be seduced by success.

It also takes organisational capability in a number of subtle areas:

- **Sensing**                      the ability to pick up the signals of change
- **Awareness**                    the ability to give meaning to the data and to recognise patterns and trends
- **Motivation**                    the ability to see the need for a strategic response
- **Mobilisation**                the ability to marshal the resources required to respond by taking the business in a new direction
- **Action**                         the ability to make the change happen

## Strategic Learning

The ability to learn is something we take for granted. Yet Arie de Geise (former head of strategic planning at Shell) declared:

**“the ability to learn faster than your competition is the only really sustainable source of competitive advantage”.**

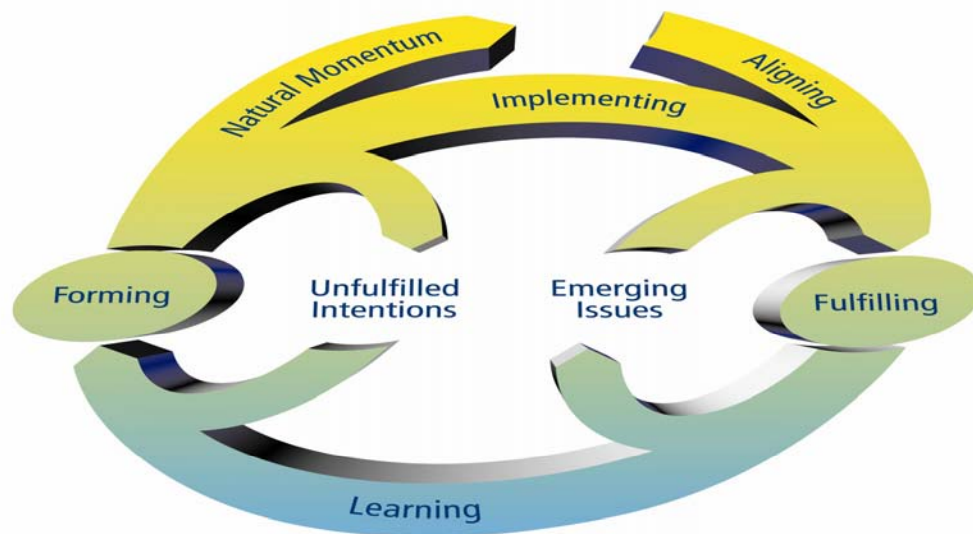
However, few companies have taken learning to a strategic level. Too many still get stuck in yesterday's recipe for success – continuing to do what made them successful yesterday even though the world has moved on.

When a new opportunity presents itself, they ask only the simple question: 'does it fit with our strategy?' If not, we won't pursue it because we are focused on our strategy.

The strategic question is rarely asked:

**'if this new opportunity does not fit with our strategy, what does it tell us about our strategy?'**

So, strategy is not a simple matter of a few models and case studies or a few key business targets or projects. Strategy is a complex and dynamic system of interdependent and interactive processes and activities. It is not a one-off initiative but continuous and ever changing: "the unfolding encounter between intention and chance".



STRATEGY: AS A DYNAMIC SYSTEM

### How LMT Can Help

We work with organisations to develop their strategic capability, across all phases of the strategy system. On some occasions our clients need help in only one phase but more often it spreads across several at a time. As our clients develop their capability in one phase, they often become more aware of shortcomings in others. We have developed methodologies that enable us to respond to our client's needs by beginning whichever most appropriate, e.g.:

- **Strategy Workshops** – learning and application of a toolkit of frameworks for analysis and creativity, as well as uncovering and challenging the current mindset
- **Culture Change** – beginning with a survey of the current culture and definition of a more aligned aspirational culture supported by a methodology for culture change

- **Transformational Leadership** – using development programmes, workshops and executive coaching to develop the ability of leaders to transform their organisations as they pursue new business directions