

First Things First, A Strategy Is Not A Plan: Managing Leadership Expectations in the Strategy Process

Many organizations operate with clearly articulated plans (often several of them) but when asked “what’s your strategy?” are unable to respond with clarity, confidence and conviction.

Making choices about your company’s competitive position in an increasingly competitive and integrated market is one of the most critical executive responsibilities. Making decisions (“choosing” among significantly ambiguous options) is at the heart of the strategy process – and, in our view, is one of the least defined business processes of many organizations. Here are a few ideas to help make it better.

Strategy-Making versus Planning

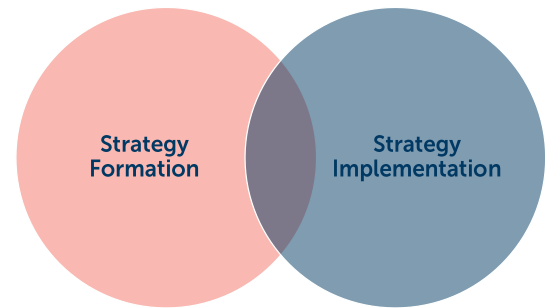
Strategy is about making intentional choices and trade-offs about the positioning of your organization against others, in the context of a defined business/competitive environment. Done well, it is a daily focus, informed by periodic and intense analysis, assessment and decisions about how to maintain a position in the market and how to align your team to the intent of the strategy. We think the combination of daily and periodic activities underlies the strategy process of effective companies. Decision-making and alignment - doing this better than your competitors - is the inherent value of effective leaders.

An effective strategy *process* (the steps you go through to arrive at a series of choices) ensures that the company is aligned to its ever-changing strategic, competitive, regulatory, political and social environment. Effective strategy processes seek to understand how the environment is changing and what will be needed to continue thriving in the context of new opportunities afforded by a changing set of industry and consumer circumstances, and new threats that emerge through the moves of others (competitors, regulators and demographics in general).

Planning, on the other hand is about translating ideas into action and accountabilities, through objective-setting, clear responsibilities and assignments, activity planning and effective resource allocation. Plans made in the absence of a clearly defined strategy produce activity but not necessarily impact.

A Broader Definition of Strategy

Our years of work in this area has convinced us that a strategy is not complete until it can be, and is, implemented. We believe that a good strategy process equally considers choices about the organization's ability to achieve plans as strategic choices themselves. This implies a strategy process that scrutinizes the implementation environment (think: process maturity, core competency, leadership and culture) as thoughtfully and critically as the external strategic environment.



In assessing the implementation environment, consider the following questions:

- Does the strategy (your hypothesis about how you'll compete and win) reflect the realities of your implementation environment?
- What unique capabilities and competencies will be required to realize the strategy? To what extent do you have them within your organization? If you don't have them, what is your plan to develop, acquire and integrate them into your team?
- To what extent do key leaders understand the intent and rationale of the strategy? Are you confident they have aligned their mindset, decisions and actions to support the implementation of the strategy? Are you confident they have or will align their teams to the strategy?
- Beyond internal stakeholders, what external stakeholders (suppliers, partners, clients, etc.) also need to be aligned to realize the strategy?

We observe that far too often strategies are unrealized or fail to produce impact not because the choices are bad, or plans are ill-conceived but because managers and staff charged with implementing them don't fully understand the intent and rationale of the core choices required of the strategy itself.

All Strategy Flows Through People

Strategies get implemented when managers, and ultimately front-line staff, make decisions that align with and support the overarching strategic direction. Daily (in fact, hourly) decisions about what to do or defer, what meeting to attend or decline, who or what to reward, etc. etc. is how a

strategy actually gets advanced. To realize the expected outcomes of a strategic plan therefore requires that all staff understand and appreciate the intent of the strategy and the implications for their (and their team's) mindset, behaviour, capabilities and culture. It requires a deliberate and intentional focus on "doing what it takes" to succeed in a complex world. That type of focus and commitment doesn't come by "telling" people what to do. It comes through real commitment fostered by inclusion, investment in their capacity to achieve results, and ultimately and increasingly, by integrating everyone to the core purpose and strategy of your company – in short, alignment through leadership, at all levels.

A Better Strategy Process

A great strategy process is rooted in an objective look at the organization and its strategic environment – "confronting the brutal facts" as Collins refers to in *Good to Great*. An objective assessment asks questions like:

- What is the strategic competency of my team? Are we capable of reflection, critical thinking and informed risk taking?
- What are my team's major blind spots? What will limit their objective view of the company, its performance, its competitors, opportunities and threats?
- Do we know enough about the market to make informed choice?
- How do we know that the strategy process is asking the right questions?
- Can we separate our understanding of the company and its strategic/competitive environment from choices about how the company should respond; or is our view of "what's possible" constrained by our view of the current team?
- Do we have the cultural conditions (trust) necessary to have open, honest conversations about strategy?

Many managers, executives and owners (especially those in small- to mid-sized companies) will participate in forming a dozen or so major strategies over their career – maybe less. Many managers (executive and other) spend time on the pressures of current performance, constrained by what they know. Effective strategy process requires an intense reflection on our own biases and challenging our assumptions on what it takes to succeed; and includes involving others in the most significant decisions about the future of the company. These are not easy tasks for leaders and entrepreneurs; but self-reflection, critical thinking and willingness to change are as much a part of

“strategy” as detailed and analytical industry assessments. We argue for doing both – and doing them well, all in the context of a disciplined, defined and highly supported “strategy process”.

So What, Now What?

Our practice is focused on analyzing, designing, assembling and developing high-performing boards and governance systems. We help new boards form and thrive, and existing performing boards reimagine their potential, often through the development and facilitation of a strategy process. Having supported hundreds of strategy discussions over decades, we know what a “real” strategy conversation looks and feels like, and whether a decision will be implemented with intention and commitment, or with lukewarm lip service. The difference is in leadership over a process, as well as the company.

As you continue to reflect on the ideas presented here, consider the following:

- How was your current strategy formed?
 - Did the process allow for generative thinking, before deciding and planning?
 - Were individual assumptions, beliefs and ideas challenged, tested and validated throughout the process?
 - How was the implementation environment considered in the strategy formation process? Does the plan reflect and account for the realities of the implementation environment?
- What specific choices underpin your strategy and subsequent plan?
- How was the Board of Directors, or external advisors and experts, involved in the strategy process? What value did their involvement bring?
- How do you know if the chosen strategy is working (vs. how do you know that the plan is being implemented)? What objective information do you use to judge the performance of the strategy?

Want to know more?

We’d be happy to talk. Feel free to reach out:

Sheila Witwicky: switwicky@nationalgrowthpartners.com

Don Cummings: dcummings@nationalgrowthpartners.com