Session 6

3.2. Strategy Uses

Initiatives might aim to make things better, but they don't always succeed. Lack of consensus, poorly devised strategies and unreasonable expectations are just a few possible causes of failure. While no recipe exists for guaranteed success, some time-tested strategies can improve your ability to design, implement and maintain meaningful change within your business.

Designing Initiatives

Your planning sessions should incorporate informed perspectives without descending into mob rule. Reserve the right to have the final say but solicit opinions from your most knowledgeable workers and managers to ensure your goals are reasonable and your strategies are well-reasoned.

Feedback

Feedback can help nudge change toward successful adoption by showing you how to fine-tune your initiative to make improvements. For example, if your organization institutes new policies for worker safety, regular feedback from affected employees will help ensure the initiative has its intended effect. Your employees might tell you the policies work well, or they might tell you the policies have little effect on safety while drastically limiting productivity.

Incentives

Align the needs of your employees with the needs of the business through the use of incentives. Typical financial incentives, such as bonuses and commissions, are effective, but any meaningful benefit you can link with the success of an initiative increases its chances of acceptance. For example, to motivate employees to accept structural changes within the organization, you might explain how the new power hierarchy will improve communication and decrease confusion, as well as create new efficiencies that will decrease everyone's workload.

Resistance

Despite your best efforts to present the changes in a positive light, you might encounter resistance. Actively involving the people who resist change by incorporating their feedback might help reduce their resistance, according to the book "Making Strategy Work: Leading Effective Execution and Change," by Lawrence G. Hrebiniak. For example, meet to discuss their reservations, as well as possible compromises.

Continuing Self-Evaluation

Organizations, like individuals, can develop cognitive limitations, according to the book "Strategy and Capability: Sustaining Organizational Change," by Graeme Salaman and David Asch. For example, if managers fail to evaluate and update policies periodically, the organization might develop tunnel vision. Instead of constantly seeking new and better solutions, employees work mechanically, leading to organizational inertia. To encourage change, allow employees to evaluate company policies critically in a constructive manner.

3.3. Adaptor Strategy

Many readers will be familiar with the writings of Michael Porter. Recently, he has described three generic grounds for strategy. No text on strategy is complete without a two-dimensional matrix, and these are:

- Strategic Scope: the potential in marketplace - growth, consumer sophistication and segmentation.

- Strategic Strength: the supply side, and the firm's delivery capabilities. The focus is on the firm's relative cost position and its ability to distinguish its products from those of its rivals.

This points to the three generic strategies: leading through costs, through differentiation and through segmentation. "Differentiation" means that consumers will see and act upon differences between your products and those of your rivals. "Segmentation" means that you reduce your coverage of the market to focus on specific consumer segments of it. Essentially, a segmentation strategy is a differentiation strategy for lazy or dull consumers.

Not good enough..?

At which major figures in the field of strategy theory and practice came together to exchange views. Monty Python fans will be happy to hear that Porter sent along his 'fridge.

The upshot of the day was that:

1. There are no magic bullets. Many "hygiene* factors" have to be satisfied.
2. Satisfying these hygiene factors make organization's indistinguishable.
3. Markets populated entirely by indistinguishable firms become commoditized.
4. The only antidote to commoditization is to change.
5. The nature of adaptive change is quite different for large and small firms.
6. Smaller organization's adapted and change primarily through differentiation.
7. Differentiation comes from both occupancy of niches and innovation.
8. Large complex organizations adapt in far more complex ways. (See below.)
9. Non-profit organizations are completely different from commercial ones.

Note: a "hygiene factor" is the term for something that is so absolutely essential that you cannot compete without it: safety, access to energy, trained staff, and cost control. Because everyone strives for these using almost exactly the same tools, this search is a burden that has to be carried by all, endlessly and painfully. It is a mistake to think that it is the source of distinctiveness; however, any more than mobility is a key to the competition between tortoises.

Complex adaptation

Complicated organizations almost never do one thing, and the need to do many different things within many frameworks and many time frames makes adaptation difficult. People often cannot agree a model of what the organization is doing, and what it should do, or why, or how.

Complexity implies complex communications if the entity is to operate coherently and adaptively. A decade of experiment shows us that the fashion for general, sweeping criteria and local responsibility does not add up to a coherent response, let alone communication about complex issues. Such an approach may manage some aspects of the pursuit the hygiene factors, but is does not produce insight or a usefully complex collective view of how to change. For example, if central management announces that "IT matters", people will certainly invest in equipment and software, but one should not expect them to invest in coherence. Management drives which are aimed solely at cost management will lead to lower costs, but also corporate stasis, risk aversion, a stereotyping of human resource and an impatience with anything that does not refer to the pragmatic, the here and the now.

It is a rule that any 'single issue' enthusiasm which is pursued through general criteria will lead to unbalanced solutions and unexpected consequences. When the single issue is return to savings, societies are confronted by the "tragedy of capitalism" and regulatory burdens increase. Hence, most have turned to the balanced score card, and this approach is a modest remedy for tendencies to suicide through the use of magic bullets.

However, balanced score cards are extremely helpful when you know what you are trying to balance, and where you are going. They work splendidly when the system is not changing. They are much better than nothing when the hygiene factors are out of balance, or when they are lagging the industry average. (But half must be below average - so the tortoises have to run faster and faster just to keep up, flattening supply curves and speeding the commoditization of their industry.)

Adaptation that leads to the long term survival of complex organizations is, however, much more than just keeping up with the pack. It is much more than trying to simplify the firm into simulacra of smaller organizations, with a "core" and a "niche".

Larger organization’s need to use their intellectual scale: to anticipate, pre-discovering, to help to create a favorable future climate in the many dimensions in which they operate. This is a cost, but usually a very small cost in the grand scheme of things. Actually, it is not so much a cost as it is an investment, one that is readily recognized by markets and customers. Its absence is certainly penalized, and is therefore also a cost, expressed in lost opportunities, higher costs of capital and so forth.

There are two basic threads to what this entails. First, there is a process of understanding and anticipating; and second, one of communicating a sense of what this means, in practical terms, to the people on the ground who will probably be those to detect relevant possibilities. Their needs, therefore, to be concrete mechanisms by which to undertake this. Not ad hoc, vague hopes that personal connections will win out. Real, resource-consuming networks. The sort that cost-conscious divisional managers will never permit.

A few technology-focused firms do something like this, but with the activity focused just around widgets, in much in the way that major oil companies worry about the details of the oil market. Very, very few big, complex organization's do this for all of the dimensions in which they have to adapt. For example, the coalition in Iraq; the EU; G8 negotiators at Cancun. Yet how small the cost, not least when compared to the cost of not having done it.

3.4. Implementation Strategies

Strategic implementation put simply is the process that puts plans and strategies into action to reach goals. A strategic plan is a written document that lays out the plans of the business to reach goals, but will sit forgotten without strategic implementation. The implementation makes the company's plans happen.

Facts

Strategic implementation is critical to a company's success, addressing the who, where, when, and how of reaching the desired goals and objectives. It focuses on the entire organization. Implementation occurs after environmental scans, SWOT analyses, and identifying strategic issues and goals. Implementation involves assigning individuals to tasks and timelines that will help an organization reach its goals.

Features

A successful implementation plan will have a very visible leader, such as the CEO, as he communicates the vision, excitement and behaviors necessary for achievement. Everyone in the organization should be engaged in the plan. Performance measurement tools are helpful to provide motivation and allow for follow-up. Implementation often includes a strategic map, which identifies and maps the key ingredients that will direct performance. Such ingredients include finances, market, work environment, operations, people and partners.

Common Mistakes

A very common mistake in strategic implementation is not developing ownership in the process. Also, a lack of communication and a plan that involves too much are common pitfalls. Often a strategic implementation is too fluffy, with little concrete meaning and potential, or it is offered with no way of tracking its progress. Companies will often only address the implementation annually, allowing management and employees to become caught up in the day-to-day operations and neglecting the long-term goals. Another pitfall is not making employees accountable for various aspects of the plan or powerful enough to authoritatively make changes.

Needs

To successfully implement your strategy, several items must be in place. The right people must be ready to assist you with their unique skills and abilities. You need to have the resources, which include time and money, to successfully implement the strategy. The structure of management must be communicative and open, with scheduled meetings for updates. Management and technology systems must be in place to track the implementation, and the environment in the workplace must be such that everyone feels comfortable and motivated.

The Plan

My Strategic Plan website offers a step-by-step plan for implementation. It includes finalizing the strategic plan with all necessary personnel, aligning the budget and producing various versions of the plan for individual groups. Next you will establish a system for tracking the plan and managing the system with rewards. The entire implementation plan is then presented to the entire organization, rolling it into annual company plans. Finally, you will schedule monthly meetings to keep everyone on track and annual review dates for reporting progress, and adding new assessments.