Crafting the Best Strategy Ever
How to Improve Strategy Development, Deployment, and Execution
By Michael Couch
President, Michael Couch & Associates Inc.

Following the economic downturn, I've seen a wave of organizations rethinking, revising or completely trashing their strategic plans. The strategy from the last planning cycle didn't pan out because the context and assumptions changed overnight. Or the plan never really was deployed in the first place due to design and deployment flaws. This is the case for non-profit and for-profit organizations alike. The world for non-profits is changing just as dramatically.

As I review strategic plans and the processes that spawned them, I've uncovered a number of factors that differentiate between effective and ineffective strategic planning. The key lies in designing and delivering a robust process that maximizes innovation, speed, decision-making, communications, and accountability.

Strategy typically involves answering some seemingly simple questions:

- Why does the organization exist? What is its unique purpose?

- What do we want to do? What is the vision?

- How do we want to exert influence in the marketplace in which we choose to play?

- Where do we want to grow or focus our work? What might we do?

- How will we grow?

- What specific actions do we need to take to assure our success?

How these questions are answered, however, is typically far from simple and requires that attention is paid to the process that is followed as much as the content that is discussed. The following are critical components to crafting and executing a strategy that achieves results.

Design, Design, Design

The focus in strategic or annual business planning is often over-weighted on the content of the plan (the "what") with less emphasis placed on planning process itself (the "how). Typically, the date for a "retreat" is set, an old agenda is resurrected, numerous presentations and spreadsheets are created, and the old Strategic Plan is dusted off. The Retreat ensues and then someone takes the responsibility to make some sense out of the results.

The typical approach doesn't fit the bill anymore. Each planning event occurs in a unique context so much more thought must go into the design of the process. As Frederick Herzberg once said, "Resurrection is much harder than birth." The time spent in strategic discussions should be fast-paced, inclusive, and consensus building. The design of the process and the techniques used to lead critical interactions must be spot-on.

Strategy is a human, "wet-ware" based problem-solving and decision-making process. As any experienced facilitator knows, the secret to effective planning sessions is comprehensive preparation and design. Expert facilitation is key but even a top-notch facilitator will struggle to overcome a flawed design. A third party facilitator is the best option since company employees

(and even worse, the CEO) cannot maintain the objectivity required and often lack the required process skills.

A Sprint Not a Marathon

Strategy work takes time, but the time should be measured in days or weeks not months. I was trained in Compression Planning© techniques in the early 90's. The intervening years, with hundreds of applications, have shown that this tool can reduce the time required for top-notch planning and decision making by 30% to 50%. . With the right design and facilitation, an effective and innovative strategy can be developed in a much shorter timeframe then typically expected.

Involve More Than the Senior Team

A study of innovation by IBM Global Services showed that outperforming, high revenue growth companies' most significant source of innovative ideas were (in order) employees, business partners, customers, consultants, and competitors. (Internal R&D and sales were further down the list.) This is reinforced by research which has shown that team diversity has an exponential impact on the quality of group output.

The key for strategy work – include input from a diverse range of sources, particularly those not normally involved in business decisions. One CEO from the IBM study was quoted as saying, "If you think you have all the answers internally, you are wrong." This input can be gathered in a variety of ways and is an important part of the process design considerations.

Both high potential and high professional (deep market and deep technical knowledge) employees can make a significant contribution to strategy development. Their involvement will not only improve the output but will contribute to building the commitment necessary for effective strategy deployment.

Both Qualitative and Quantitative Input

Most strategy work involves answering two different basic questions: "How and where will we grow?" and "How will we compete or make a difference?" Quantitative and qualitative data are key to answering both questions but with a different emphasis.

"How to grow" is best answered by effectively gathering and synthesizing the knowledge from a diverse audience of industry participants. This knowledge can be informed by data but, as we know, forecasting has its challenges. Expert opinion and quantitative data combined through a rational decision-making process will produce the best, most reliable growth answers.

Competitive advantage can be best determined through rigorously gathered market and customer data combined in a fashion that will reliably predict customer value. As my colleague Reg Goeke at Market Value Solutions points out, most market research data lacks evidence of reliability and validity. Reg's work has demonstrated that competitive advantage is built by measuring how customers define value, assessing your company's drivers of value, and understanding how value interacts with price and company image. Focusing organization resources on the key drivers will build and sustain advantage.

The emphasis here should be on *customer value*, as opposed to *satisfaction.* Satisfaction is a useful operational measure but perceived customer value is much more critical to dominating a market and is linked to increased market share and profitability.

A Few Breakthrough Goals

Many strategic plans collapse under their own weight. Those that end up with a long list of goals and initiatives are the most likely not to get executed. Counter to popular myth, human beings are not good at multi-tasking. Rather, people and organizations thrive when they can focus on a few meaningful things and get stuff done. Our brains like it that way.

I think the best definition of strategy was from Ben Tregoe and John Zimmerman in 19080: "A framework which guides the choices that determine the nature and direction of an organization." It is beneficial in strategic planning to generate and play out a variety of ideas and scenarios. However, tough decisions must eventually be made that narrow the focus down to a few key goals. Think laser, not shotgun.

Embrace Constraints

Future growth for almost any organization is going to come from innovation. Lack of innovation is often due to real or perceived constraints. "We tried that before". 'We don't have enough money for that." "The Board will never go for it." Real innovation can come from embracing the constraints and turning them to your advantage, particularly external constraints (i.e., the economy, markets, customers, and competitors). This is where good process design can come in. What are the potential constraints and how can we spin them in the planning to begin to look at our world differently?

Protect the Plan

No plan is perfect. No forecast is perfect. Every contingency can never be completely addressed. However, the right people and process can identify the potential threats to a plan, assess their likelihood and impact, and develop specific actions based on how likely the threats can be detected. This is like a Failure Modes and Effects Analysis (FMEA) for the Plan.

The same should be developed for the upside. What could potentially cause us to be above Plan and, if so, what can we do to try to capitalize on it? This often ends up being a resource allocation issue that is a great input to the next key to success.

Build a Strategy-Capable Organization

The single biggest hurdle to strategy development and deployment often is talent. Do you have an organization that has the capability at all levels to handle strategic tasks? If you are unsure, this needs to be determined before strategy deployment can begin. Talent is an asset only to the extent that it makes a difference in executing strategy.

Senior leaders must assure that the organization has the capability to handle the demands placed on it by the strategy. The demand must be assessed (i.e., What are the mission critical or pivotal functions and positions?; What competencies are required to execute the strategy?; What type of culture does the strategy require?), the organization capability must be analyzed (i.e., Do we have the right people in the right roles doing the right things' Are we filling the

talent pipeline; Does our culture support the strategic direction?) and any gaps addressed by a strategic talent action plan (i.e., reorganize, recruit, key talent retention and development, culture change initiative). I call this approach Strategy Driven Organization Development[SM]. It can help build an organization that is "strategy-capable".

Use a Comprehensive Deployment Process

For it to be effectively executed, the strategy must be clear to every employee. They must know where the organization is headed and what their role is in getting it there. That is the foundation to creating a highly-engaged workforce.

Some of the best examples of cascading strategy are in companies committed to Lean Six Sigma. Lean Six Sigma strategy deployment tools assure a clear linkage from strategy to annual business plans to department/process objectives down to individual employee performance plans (Toyota calls this the "Catch Ball" process. Others use a tool called the X Box). The critical few key lagging goal measures and leading performance measures are prominent in all communications tools including company and process dashboards. Even the agendas for regular business review meetings are built around components of the strategy.

The key is the creation of a comprehensive deployment plan, using project and change management principles, with clear milestones, linkages, and accountabilities. Milestones should be short term to assure immediate application of the strategy and to demonstrate progress.

Make it a Living Plan

Strategic planning should be an on-going process, not a one-time event. The Plan should be regularly reviewed at the executive level and adjusted based on the performance measures. Progress on the goals should be tracked and reported on a regular basis. Corrective actions should be identified, if needed. If new threats emerge then additional Protect the Plan work is required. If progress is being made on strategic initiatives and the organization has capacity, then additional projects can be pulled "above the line." As a result, executive team meetings should focus 70% on strategy, 20% on problem-solving/decision-making and 10% on informing and reporting. Most exec's meetings are completely the other way around.

About Michael Couch

Michael is President of Michael Couch & Associates Inc. (www.mcassociatesinc.com), a versatile consulting practice focused on improving the effectiveness of organizations, teams and individuals. Michael has made a career out of improving the performance of organizations, both as a business executive and an organization effectiveness consultant. His unique background in heading HR and organization effectiveness, leading manufacturing operations, and directing a business unit allows him to partner with senior leadership, wear many hats, and collaborate with people throughout a company, building organizations that have a positive impact on the bottom line.