

Aligning People with Good Strategy

Many entrepreneurs and executives at small to mid-sized organizations aren't quite comfortable with strategy. But could strong strategic process become a good friend that would reliably help these leaders over the years? We think so!

As we discuss "strategy", you will see that we are talking about processes whereby you align resources to the best opportunities and critical differentiation in order to achieve superior returns. A "plan" is similar, in that it sets out expected actions but may or may not deal fully with market position, differentiation and superior profitability. Strategy and planning are inter-related as you might expect.

Do you need Improved Strategy?

Maybe you have a visible strategy, maybe you don't. The following points might tell you that elements of your strategy need improvement.

- Employees ask whether the organization has a strategy.
- The Board doesn't have group strategy sessions, or if they do, the output isn't significant in driving the enterprise forward.
- Customers or partners don't fit your "strategy" or don't understand your strategy.
- Discussions around business issues are usually focused around small quick fixes instead of fundamentals and strategy.
- The results you achieved (whether good or not) have very little to do with a unifying strategy, plan or focus.
- You pursue acquisitions as a growth strategy but these acquisitions aren't driven by a unifying strategy.

Are good strategic processes helping you to seize the full opportunity of your business?

You can begin to assess and implement strategy through some simple but powerful strategic tools, and exercises...and grow from there.

Stumbling Blocks in Strategy Development

Strategy has a somewhat checkered past—some strategic processes delivered great results and some wasted people's time. Developing good strategy has some historical stumbling blocks of which you should be aware.

- Many entrepreneurs and executives have modest experience with strategic process.
- Everybody has at least one painful experience with an errant strategy retreat that created no value.
- Developing strategy requires time and effort and leaders who haven't personally experienced the value of developing good strategy, are hesitant to invest the necessary time and energy.
- Your first strategic exercises need to be productive or the fog of skepticism descends quickly. People don't embrace that which they don't understand.
- Most methodologies and "strategists" have historically been vague—not exactly what builds confidence or results.
- Strategic exercises are often divorced from the realities of the organization and implementation is weak or nonexistent.

You have to be wise to all of these stumbling blocks, but there is good news, and much to feel confident about!

Good News—Simple Strategic Exercises

You can begin to assess and implement strategy through some simple strategic tools...and grow it from there. What's more, you will see the value of these tools in everyday work—assessing divisions, acquisitions, and team focus. The following outlines some of the analytic tools we use in assessing and developing an organization's strategy:

1. **Best Opportunities Exercise.** Develop your "best opportunities" for your organization considering fit, short and long-term payback, and your ability to deliver? Build commitment to the best opportunities.
2. **Resource Alignment Exercise.** Map and compare your resource expenditure to your best opportunities. What does this tell you?
3. **Goal Alignment Exercise.** Map the goals of your managers to your best opportunities. What does this say about planning for success in your organization?
4. **Execution Assessment Exercise.** Rate your ability to execute and achieve results with the best opportunities based on your track record, current resources and management focus. Are you on the road to achieving results from your best opportunities?

Hopefully, you realize that these exercises aren't that complex...but that they are fundamental! We consistently see that these exercises help to identify problems, and then solutions that focus the organization on a better plan. From there you can progress towards thinking more carefully about market position, differentiation and superior returns.

Strategic Breakthroughs—Case Studies

To make strategy and planning more tangible, let us explain some simple but important breakthroughs experienced in our client work.

So what is encountered in these strategic processes and what are the results? Two brief case studies follow.

- A. An organization was unknowingly pursuing market segments that were diverse in terms of geography and client requirements. This was hurting market penetration and profitability. Furthermore, the organization's historical response was to expand into yet another questionable market segment. A series of analytic steps—focused on these markets and their profit potential—brought these issues to the forefront and review steps concluded which segments and focus would be most rewarding to shareholders. The organization chose this approach and moved forward without the costs and distraction of chasing unrewarding markets.
- B. An organization was becoming defensive about poor financial results and questions about where it was really headed. It didn't clearly understand its best opportunities and have its resources focused on these opportunities. Accordingly, it was losing its belief that it could win! The organization built its strategy, in part by assessing likely outcomes in different markets with different product mixes. It chose best opportunities, committed, and moved forward. Financial results have eclipsed previous years.

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Developing Your Strategy Process--Tips

So strategy can be a friend, but maybe it hasn't proven its value in your organization. So how do you confidently and reliably improve your organization's strategy and plan? We suggest the following:

- Use a methodology that appears so logical and simple that you know you will have useful results. Don't believe in esoteric approaches or strategic wizardry.
- Remember "Strategy" depends on being able to "plan" and execute. Start with a good plan and then execute it. Build a more "strategic" plan as you grow and mature your capabilities.
- If you aren't ready to build a "5 year strategy", then focus on a concrete 1-2 year plan or even a quarterly plan.
- Understand that the "big bang" strategy retreat has lots of pitfalls and a questionable track record in terms of results.
- Involve the board, in addition to management, in part of your strategy process, and link future board process to the strategy.
- Involve your management team, and link the execution of the plan to your ongoing management process and agenda.
- Consider how you will make your strategy real and visible to employees. You want them to see it, understand it, and use it, not ask where it is kept.
- If you want outside assistance, talk to people who are good at 1) outlining and managing the strategic process 2) adapting to your organization and people and bringing these people along in their strategic thought process.

- Consider whether you will be left with a defined strategy process and template that you can use in future years.
- Remember strategy is one part thinking and two parts doing. Execution is still the key.

Where to Start with Strategy

From our work with companies, we believe there are a few key points to work on:

1. Know how you want your strategy and planning to improve your business. What do you want to achieve? Do you want to answer key questions and solve problems or do you want to begin a process that keeps your company at the forefront?
2. To keep the plan tangible, you can start with a 1-2 year plan or even shorter.
3. To show the benefit of the strategy process, answer at least one key question and identify one new opportunity.
4. Take action. Move ahead on the results from your strategizing and planning.
5. Make sure the strategy process is a win for your team.

Working on your strategy should be a rewarding exercise wherein you think very carefully about how you create value. Strategic process should become more comfortable the more you practice it. Hopefully, going forward, your strategy process is a friend that creates lasting value.

This article is part of a Next Stage Consulting series focused on building shareholder value through growing human capital. Larry Smith, B.Sc., MBA, CMC is the President of Next Stage Consulting based in Kelowna, B.C. Canada. Comments or Questions? Contact lsmith@nxtstage.com

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