



BUILDING STRATEGY AND BUILDING BUY-IN

It takes work to create a strategy, and just as much work to execute it successfully

BY NATHAN OWEN ROSENBERG

A fluke of construction may have given us the perfect example of what a great business strategy can do for you.

There's a spot in Newport Beach, Calif. that's loved by bodysurfers. It's called The Wedge, and what happens there is pretty amazing. It's a little complicated, but a number of factors — including a jetty built in the early part of the 20th century and an abrupt rise in the ocean floor — combine to turn two waves into one massive wave that is bigger than both of the original waves combined.

And that's what a good business strategy does. It creates something more than the sum of its parts. It's one plus one

equaling three. It's creating value, not merely adding value. A good business strategy isn't the finishing touches on a house, but the foundation on which the structure must be built.

Too often businesses approach strategy planning with the attitude of "If it ain't broke ...". Those businesses are walking the line between failure and success. Yes, things may be running smoothly now. Numbers are up. Revenues look good. Why wouldn't you keep doing the same things? Because creating a strategy is more than changing the date on last year's document. It's stepping back — even when things are going well — and looking for new opportunities and new threats. It's making sure the business environment hasn't changed so drastically that last year's strategy — even though it's working now — has been made obsolete.

CREATING A STRATEGY

WHAT IS A STRATEGY, AND WHY DO I NEED ONE?

A good strategy answers the question, “What future are we committed to?” It’s a set of outcomes that fulfills a couple of intentions.

A strategy fulfills the purpose of a business. For example, Johnson and Johnson has been in the business of caring for people for more than 100 years. That’s its purpose, and the purpose of a business isn’t as rapidly changing as the business environment that it’s a part of. Strategy needs to be focused on the longer term.

It enables the company to exploit opportunities and overcome threats both inside and outside of the company. Of those things, what seems to change the quickest are opportunities and threats in the external environment and marketplace. For example, when Hostess closed its doors earlier this year it left a void for other snack food companies to fill. It was an opportunity they could exploit. Opportunities and threats inside an organization do not typically reveal themselves so quickly and can often stick around for years, even decades.

WHAT EYES ARE YOU USING TO CREATE YOUR STRATEGY?

One of the things rarely considered when developing a strategy is the predisposition you bring to the strategy-creation table. Or, put another way, with what eyes are you looking at the strategy? How you see the world, the eyes you use, will color what kind of strategy you create.

People look at the marketplace and the context through which they see the marketplace tells them what the opportunities are, tells them what is possible and impossible in that marketplace. It tells you the future of what you can do and what you can’t do. For example, one global healthcare company with a 76 percent market share in a mature category needed a strategy to generate \$500 million of growth in a five-year period. Even with one of the premier strategy consulting firms behind them, the most they could identify was \$150 million in opportunities. When the lens with which they identified their category was abandoned and replaced with a

new frame of reference based on the outcomes their products produced, a new world of \$1 billion of growth opportunities emerged and four new businesses were created.

Every strategy takes a look at certain things — the future social environment, the future technological environment, the future economic environment, the future political environment. But what is rarely considered are the eyes with which you are examining all of those things.

Too often it’s those blinders — your frame of reference for your business — that hold you back from creating a strategy that opens up the largest world of possibility.

THE NEEDED CONTENTION BETWEEN STRATEGY AND OPPORTUNITY

For many companies, the tendency is to say, “We are strategic” or “We are opportunistic.” The reality is that you need to be both. There needs to be a contention between being strategic and opportunistic.

Opportunities show up in the marketplace all the time that are either inconsistent with our strategies or weren’t even contemplated when the strategy was developed. If you’ve got good contention between strategy and opportunity you can take advantage of the right opportunity without blindly chasing every opportunity that presents itself.

Again, we come back to Hostess. It’s exit from the marketplace left market share up for grabs. Its competitors likely did not consider that an iconic brand

like that would disappear when they created their strategy, but leaders needed to be ready to take advantage of filling the gaps when it happened. They needed to be prepared to be opportunistic without getting away from their strategy.

STRATEGY CREATION IS A CREATIVE EXERCISE

There’s a quote that’s been attributed to the German writer and politician Johann Wolfgang von Goethe. It says roughly this: Dream no small dreams. They don’t move anybody.

It’s a quote that business leaders and strategy creators would be well-served to memorize, because for too many companies it’s those small dreams — or small strategies — that are holding them back.

In a real sense, strategy creation is much closer to poetry than it is to engineering. You aren’t necessarily building a road

**FOR MANY
COMPANIES,
THE TENDENCY
IS TO SAY, “WE
ARE STRATEGIC”
OR “WE ARE
OPPORTUNISTIC.”
THE REALITY IS
THAT YOU NEED
TO BE BOTH.**

where each piece is a mathematical fit to the other pieces. You are building a plan to win by creating something that inspires, something that motivates, and something that challenges. You are building something that will mobilize and align the actions of the people in the company, and that demands the best of your executives. If it's too small, your strategy is not going to inspire anyone. If it's too large, it will be a pipe dream and written off as unachievable.

Finding the sweet spot is where the art lies in strategy creation. It all starts with conversations. If you are going to try and inspire and challenge and move your people then you need to know what does that. Unfortunately, that's something rarely taught in business school. The focus is on numbers and theory. The creative aspect of what can emerge when people are engaged in discussion and debate is too often ignored. And there are very few executives who can lead this kind of discourse and yet it is an essential and requisite competency for building strategies that drive great growth.

EXECUTING STRATEGY

COMMUNICATING A SHIFT TO YOUR PEOPLE

In the way a lawyer would make a case to a jury, you have to make a case for change. And, really, the “how” of the communication should be part of the strategy. Not to sound like a broken record, but you have to determine how you are going to communicate your strategy in a way that moves and inspires and challenges and activates your people.

Admittedly, that's not easy, but it's part of the executive function. It's part of what executives get paid for. Far too many executives ignore this part of their role. They have concluded that motivating is not a strength they possess, and we tend to ignore things we struggle with. Some executives are brilliant at motivating and inspiring — Bill Boisture with Beechcraft is a great example. He knows that it is part of his job. But many executives will say “I'm not good at the soft stuff. I'm really good at running the numbers.” Running the numbers is important, but, other than a few people in the finance department, the numbers won't inspire anybody. The people of the organization are inspired by the effect the products they are providing will have on the lives of their customers or the customer experience. Or they are inspired by doing something great, like great engineering or great science or great marketing. That's what has them run to work eager to do their best — growing earnings per share by 15 percent isn't going to do that.

START WITH THE IMPLEMENTERS

Typically a strategy is developed then it's turned over to the people who have to implement it. It's a process that is, at best, backward. The first question that needs to be asked when developing a new strategy is “Who is implementing this strategy, and how do they see a new strategy at this time?” Do we really understand the perspective of the people today who are going to wind up implementing the strategy tomorrow? How do we get their input as the strategy design is proceeding?

All these questions get at the same point. If your strategy is developed with no thought about who is going to implement it then you are exponentially increasing the chances for failure. Your strategy needs to be a match to your people.

Leaders need to consider whether the strategy they are developing will require a fundamental transformation in the core competencies of their people. Will it require a shift in the core processes? Will who hires and trains these people change?

EVALUATE THE PROCESSES AND PRACTICES

Every organization has unwritten rules. These are the way things really get done in an organization. First, leaders need to accept that fact, then they should look from a human resources perspective at how those need to be changed in order to accomplish the strategy, keeping in mind that there are some processes and practices that may have to be retired completely. And, in the same vein, there are processes that may need to be created.

It's the same process that companies got through when transforming their IT departments. They want to move from legacy systems — mainframes, outdated programming — and move to a future state focused on scalability, security, and efficiency. It will not only make them run more smoothly, but can also save them millions in unnecessary software licenses and hardware maintenance costs.

The first thing the company does is take a hard and honest look at how they operate currently. What systems are they using? What software? What function do each of those serve? Are there redundancies? Once they have all of that laid out they can then start finding the efficiencies, the things they should change, the things they should keep, and the things they should eliminate.

The same goes for executing strategy. Companies need to take that hard and honest look at how they operate and find those processes and practices that are holding them back and keeping them from executing on strategy.

ENROLLMENT

A lot of people talk about change management, but what



LEADERS AT LEVI, STRAUSS & CO. REALIZED THEIR STRATEGY HAD THE COMPANY GOING IN THE WRONG DIRECTION.

to erode. And even though it was iconic, the brand wasn't seen as cool.

Luckily for Levi — and for us since it's always tough to lose a brand that's that much a part of American culture — leaders realized they had

they are really talking about is reducing resistance. Change management is getting people inspired and feeling like they've been called to action. Your organization needs to be emotionally committed to the future that you see and your plan on how to get there.

Employees want more than a paycheck. They want to be inspired, to know that they are working for something. A recent Gallup survey revealed that 70 percent of American workers are disengaged or actively disengaged from their jobs. A lot has been written on the survey, but one aspect that has not received as much notice is that even great benefits can not make employees happy and engaged. It takes more than extra vacation days. It takes inspiration. It takes enrollment.

What people do every day at their desk, what they do out with their customers, what they consider to be possible or impossible, the effectiveness of the actions they take and the results they produce have everything to do with the future that people see in their organization. And that is the true value of having a strategy. It gives people a future that calls for their best thinking, action, and results day to day.

WHEN IS IT TIME TO REASSESS?

Consider Levi, Strauss & Co. At the turn of the century the iconic American apparel company was trying to pull up a sagging brand. Too many years following a strategy that had the company trying to be too many things to too many people left Levi being nothing to just about everyone.

Levi had lost its focus. Sales slipped. Reputation started

gotten away from what they do best. They refocused on their customer, their brand, brought the two together and created one plus one equals three, which — as we said before — is what good strategy always does.

But how do you do what Levi did? How do you recognize when a strategy isn't working and when it is time to look at a strategy shift? There are four markers.

What is the nature of your marketplace? The industry you are in will be a big factor in determining when you need to reassess your strategy. For example, a technology company should be looking at its strategy annually because that's how fast the market is turning over.

Has there been a significant change in your marketplace?

Have you accomplished what you set out to accomplish?

Are your people unmotivated or uninspired?

If the answer to any of the last three questions is "Yes" then it's time for you to look at reworking your strategy.

IN THE END, IT'S ALL A GUESS

The thing to keep in mind regarding strategy is that, in the end, you're placing bets. Nobody knows the future, and nothing ever goes to plan. That doesn't mean you shouldn't do the plan. Like Gen. Dwight D. Eisenhower said, "Plans are nothing. Planning is everything." The benefit of the planning is that you are able to anticipate challenges and opportunities and develop ways to meet them.