

Is Your Firm Strategically-challenged or Strategically-enabled? *

by

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Consulting firms vary a lot when it comes to their ability to operate strategically. Most firms and their leaders believe intellectually that some form of strategic plan is needed to assure good performance, and a majority would probably argue they have one that is good enough for their particular business. Reality suggests, however, that most firms would benefit from an upgrade to the strategic capacity of their organizations.

Strategic capacity ranges between two wide extremes. On the one end of the spectrum are strategically-challenged firms that react to opportunities as they arise and only tackle problems openly when they reach crisis proportions. At the other end of the spectrum are strategically-enabled firms that think, plan and act strategically at all levels at all times; anticipation and prevention characterize the culture of these firms.

Strategically –challenged firms

In strategically-challenged organizations everything is done spontaneously without much if any reference to a plan. Guidelines that do exist typically relate to the mechanics of routine operations, such how to process an invoice or perhaps how to change a component on a piece of equipment. Strategic thinking, to the extent it exists, is in the lead of one or two key Principals, often the founders, who may or may not share their strategic thoughts with others – even those with some degree of management responsibility. Strategic ideas are not known by most employees and management actions often do not reflect the loosely-conceived strategic plan. Day-to-day actions and decision by workers regarding project priorities and tradeoffs are made without strategic guidelines, and often result in errors, redundancies and wasted time and money. These are not high performing or growing firms.

Strategically-enabled firms

Strategically-enabled firms are at the other end of the spectrum and are typically high-performing and often growing organizations. Such firms think, plan and act strategically at all levels at all times. Everything is done in a way that balances the interests of the whole firm and individual components according to transparent, pre-determined and pre-agreed upon principles. Such firms are not unlike a basketball team where every player knows what to do (and what every other player will do) as different situations develop on the court.

*This paper has been accepted for publication in Ohio Engineer, a publication of the Ohio Society of Professional Engineers.

The strategic plan is a product of continuous dialog between and among those who craft the plan and those who must carry out the plan. The whole firm has a part of creating the plan and the whole firm is consequently supportive of the plan in everything they do every day.

One of the things that must to be addressed in any strategic plan is “WIIFM.” -- What’s in it for me? A good strategic plan has elements that, by reason of initial involvement or subsequent communications, touch each person individually, such that they can see how what they are doing contributes to the overall success of the organization. It is from that perspective that commitment and successful is spawned.

Becoming a Strategically-Enabled Firm

So, how does a firm become strategically-enabled? There are just two requirements. The first is to plan well. The second is to execute well. Planning well with out executing well is not sufficient. In fact, higher performance will result from a so-so plan well-executed than from a superb plan poorly executed. The rest of this article discusses several important actions that help firms to plan and execute well, as they seek to be more strategically-enabled organizations.

Enlist Broad Participation

Achieving an executable plan requires

- participation that is broad but efficient;
- collaboration created by building on the best ideas from many perspectives, experiences and capabilities; and
- consensus achieved through debate, dialog and resolution of differences.

A process that incorporates these elements provides tactics and targets representing the best thinking of the business, and alignment around the goals, path, actions, and responsibilities. An alignment-driven strategic planning process will be a new concept for some. Yet it can provide a comprehensive, efficient means to adjust varying viewpoints behind a single strategy toward a common objective. Otherwise, even the best plan cannot be executed effectively.

Match Competencies with Responsibilities

It’s not enough just to create new tactics around marketing, sales, production and other key functions. “People” issues must also be addressed. Competencies – the capabilities a firm must have to succeed – must be present and in the right positions. Giving an individual job goals, performance metrics, and incentives will not produce desired results if the individual lacks the competencies needed to accomplish his or her part of the strategy. Sometimes dramatic changes in the business environment create large gaps between what is needed to do a job and the competencies resident within the individual charged with doing it. It is essential that such gaps be closed -- either through a development program or replacement. Failure to close the gap when the job is essential to strategy execution will sow the seed for broader failure throughout the organization

Promote Behaviors that Support Strategy

Behaviors are a second “people” factor that impacts a firm’s performance. Ask yourself the question:

“Do I ever see behaviors in the firm or in my department that are counterproductive to where we are taking the company?”

If the answer is even close to a “yes” or “maybe”, then the good news here is there are short term actions that can be taken to address the issue. Ignoring it, on the other hand, means wasted time, resources, people and money—costs that few firms can afford in today’s environment.

Firms that incorporate behavioral change opportunities and incentives into their growth strategies can realize substantial bottom line-benefits if they effectively define expectations and communicate them throughout the organization. By aligning behaviors with its strategic goals in a continuous improvement process, the firm has the opportunity to gain significant sustainable strategic advantage over its competitors.

Communicate Strategically

Consistent, unambiguous communications up, down and across the organization are the lifeline of day-to-day execution. This is especially important in multi-office firms. Studies have shown that one of the main reasons why companies do not successfully execute strategy is the lack of employee strategic awareness. Further, if Principals and managers put out different messages to their respective departments as to direction, priorities, and goals redundancies, inefficiencies and errors will result. All detract from the bottom line.

Internal communications are an opportunity to reinforce key messages to the firm. Repetition of the same message by all Principals and others in authority is an effective means to not only ingrain the message into everyone’s behavior but to underscore that management of the entire firm “is on the same page.” There is strong evidence that when managers communicate well and employees understand goals, organizations perform well.

Monitor Success Frequently and Adjust Accordingly

The dynamic, interconnected world we live in makes it mandatory that progress toward goals be measured frequently and adjustments made to accommodate changing conditions. Key clients may change direction unexpectedly, raw material supplies may be subject to price hikes or supply disruptions, and there is always the impact of world events that ripple through all sectors of the economy.

Strategies cannot remain static against such a backdrop. Therefore a key element of strategic plans must be a continual questioning of assumptions and measuring of progress. When gaps develop between what is happening and what was planned, changes must be made.

One of the best ways to prepare for developments outside the mainstream of assumptions is to build contingency plans into the strategy. Of course, even contingency plans need to be reviewed at the time they may be needed to assure continued validity. The point is to know about needed adjustments early and make corrections in small increments. Waiting until things really get out of

whack so that major adjustments are needed will destroy momentum and morale and deteriorate the firm's performance.

Summary

The essence of the message is that the trick to becoming a high-performing, strategically-enabled firm is to develop the team along with the plan. The two cannot really be separated. Failure to recognize this has been the Achilles heel of strategic planning for decades, as recently reported in Fortune Magazine (May 12, 2003). In the final analysis everyone in the company needs to understand how their job fits into the bigger picture and how that bigger picture plays to their individual interests. The synergies that result can carry a firm a long way even in a competitive environment and tough economy and where frequent course corrections may be needed.

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