

# Strategy: Thinking Creatively Together

Organizations are temporary solutions that allow more than a single individual to solve problems for its customers. Organizations must change in order to survive and grow. Although many people think about organizations and companies as fixed and stable, those that survive and thrive are able to change and meet the increasing levels of complexity and competition. Deliberate strategic thinking can focus and harness creativity and help your organization meet the innovation challenge – and can encourage every member within it to feel connected to meaningful work.

## What is a strategy?

A strategy is a thoughtfully designed plan for achieving desired results. A strategy typically defines **where** and **how** you will deal with the challenges from competitors, and succeed in your marketplace.

In terms of the **Where** question, a strategy:

- Identifies the **markets/customers** to target
- Describes the **product/service offering** you will develop and market
- Makes **explicit choices** between potential opportunities that could be pursued
- **Focuses** effort and resources

In terms of the **How** question, a strategy:

- Identifies the **assets, skills, and processes** that will be critical to success
- Outlines how you will be **unique** and **advantaged** relative to competitors – others who face your market
- Determines what **partnerships, acquisitions, and internal development** will be required

A strategy is often thought through and is summarized in some sort of document or presentation called a strategic plan. Michael Porter, in his book on *Competitive Advantage*, is critical of many strategic plans. He says:

*Many plans are built on projections of future prices and costs that are almost invariably wrong, rather than on a fundamental understanding of industry structure and competitive advantage that will determine profitability no matter what the actual prices and costs turn out to be.*

His key point is that a strategic plan must be built on a fundamental understanding of your organization and the market it serves rather than simply making future projections and guesses about where you will be in the future.

Therefore, a strategic plan should not simply be a three-year budget, a generated list of all the opportunities you might pursue, or a detailed and inflexible outline of everything you will do. Instead, a strategic plan should be considered a high-level roadmap for where you want to go and how to get there. It should contain a set of clear and ambitious goals that are achievable, and reflect clear choices about what not to do. Finally, it should include a balance of short and long-term priorities.

## **Building a Strategic Architecture**

One of the best ways to design and pursue a strategy is have the “architecture” or full blueprint that answers a series of core questions. A strategic architecture is a clear, coherent, and compelling framework for thinking, believing, and taking action. It provides the overall design to guide implementation and coordination of change initiatives. It may seem counter-intuitive, but building a strategy includes identifying those things that will not, or should not change, as well as those things that will and should change.

### **Stable Identity: Core Purpose and Values**

One of the things that will not change is your identity. An organization’s identity includes its unique purpose and set of core values that constitute its fundamental “personality.” People often change their behavior, but they seldom, if ever, change their basic personality. The same is true for organizations that meet the innovation and change challenge. Organizations must know *who* they are and *why* they are here. Your identity is your core ideology and it consists of values and purpose. Together, they provide the glue that holds an organization together over time. Values and purpose are also called the “identity bundle” for an organization.

Purpose is the organization's reason for being. An effective purpose statement reflects the idealistic motivations people have for doing the company's work. Your core purpose (which should last at least 100 years) should not be confused with specific goals, strategies, or objectives. Whereas you might achieve one of these, you cannot fulfill a purpose. "...it is like a guiding star on the horizon -- forever pursued but never reached."

Although the organization's purpose does not change, it does inspire change.

**Purpose is not:** "To maximize shareholder wealth" or "We exist to fulfill our government charter and participate in the secondary mortgage market by packaging mortgages into investment securities."

Some better examples include:

"To solve unsolved problems innovatively." 3M

"To make technical contributions for the advancement and welfare of humanity."  
Hewlett-Packard

"To help leading corporations and governments be more successful." McKinsey & Company

"To give ordinary folk the chance to buy the same things as rich people." Wal-Mart

You do not create or generate purpose. You discover or discern it by looking deep inside. David Packard gave us a clue about purpose in a speech he gave in 1960:

*I want to discuss why a company exists in the first place. In other words, why are we here? I think many people assume, wrongly, that a company exists simply to make money. While this is an important result of a company's existence, we have to go deeper and find the real reasons for our being. As we investigate this, we inevitably come to the conclusion that a group of people get together and exists as an institution that we call a company so they are able to accomplish something collectively that they could not accomplish separately - they make a contribution to society, a phrase which sounds trite but is fundamental... You can look around (in the general business world) and see people who are interested in money and nothing else, but the underlying drives come largely from a desire to do something else: to make a product, to give a service - generally to do something which is of value.*

## **Things that remain constant:**

### **CORE VALUES**

**Identifies the guiding principles to measure the worth or “rightness” of the direction and strategy – How will we get there?**

### **CORE PURPOSE**

**Provides the reason for being and the guiding star for planning and action – Who are we?  
Why are we going there?**

Developing a purpose statement is not simply “wordsmithery” (To...in order to...so that...). The focus is on discerning key enduring principles. Core ideology (values and purpose) must be authentic. It is not so much about what you think the organization should be about - it is what we truly and passionately believe.

Core values are the essential and enduring beliefs that guide action and behavior within an organization. They are guiding principles that provide a basis for judging the relative merit of the activity or outcome. A great company decides for itself what values it holds to be core, largely independent of the current environment, competitive requirements, or management fads. Great companies tend to have only a few core values, usually no more than three to five. These values are held in common by those who truly belong to the organization. One of the ways you know the values are core is to ask yourself: If the circumstances changed and penalized you for holding this core value, would you keep it?

A Sample from Nordstrom:

- Service to the customer above all else
- Hard work and individual productivity
- Never being satisfied
- Excellence in reputation; being part of something special

Core ideology or identity captures **what you stand for and why you exist**. It is not core competence (what you are particularly good at). If it’s not part of the core ideology, it’s up for change.

## What changes: Vision and Mission

Vision sets the direction for the organization and provides a synthesizing image of what you want to create. Powerful visions describe a preferred and meaningful future state. They convey something visible, vivid and real; yet include dreams, hopes, and aspirations. Visions answer the question: **Where are we going?**

Vision statements contain both a very general goal and a more detailed description of what life will be like when the vision is accomplished. The statements are usually expressed in the present tense and are free from negative or competitive phrases. They are also free from statistics, numbers and methods for achieving the vision. A vision statement summarizes the audacious ambition and is:

- Tangible, energizing, and highly focused
- Clear and compelling and serves as a unifying focal point
- Lofty and challenging
- Capable of acting as a catalyst for team spirit
- Engaging to people; it reaches out and grabs them

The vivid description of the vision translates the vision from words into pictures. It creates an image that people can carry around with them wherever they go. The words of the description must evoke images (paint the picture) in the minds of others.

### **Things that change:**

#### **VISION**

**Sets direction or desired destination and provides a synthesizing future image of what we want to create –  
Where are we going?**

#### **MISSION**

**Identifies the strategy (goals, programs, projects) and guides how the organization will move forward – What will we do to get there?**

Mission answers the question: ***What will we do to get there?*** Provides the means for acquiring the vision. It usually contains strategic goals and objectives (a strategic plan) to focus the organization's resources and clarify the working priorities of those who belong to the organization.

## **Creating and Implementing a Strategy**

There are many tools, techniques and methods for building a strategic architecture, but each organization is unique so no single method will work for all of them. The key is to know about the best practices that have been used elsewhere, and then customize your approach for the best fit.

Jeanie Duck offers some important advice for those who seek to make change happen in her book called *The Change Monster*. She says:

*If leaders want to change the thinking and actions of others, they must be transparent about their own. If people within the organization don't understand the new thinking or don't agree with it, they will not change their beliefs or make decisions that are aligned with what's desired...Although all the communication tools are useful and necessary, most people prefer to get their information from a human being whom they trust - someone they believe has the inside scoop. For most employees, that person is their immediate manager/supervisor.*

Unlike Moses delivering the tablets to the people, the best way to create and implement a strategy is to engage and involve as many of the key stakeholders as possible. If you examine the figure below, you can begin to see how this process can work. As you look at the top of the figure you can see the identity or ideology part of the architecture. Toward the bottom is where the strategy is implemented and action and initiatives are taken. Those who founded the organization, or who are in the most senior roles are more active and lead the efforts toward the top. Of course, there are always other key constituents who must be involved. In many cases the board must provide input and approval, even as far "down" as the strategy.

Senior management and owners lead the process and deliberately engage and involve as many others within the organization as possible. When everyone who really belongs understands, agrees with, and commits to the identity, vision and strategy, you will unleash their imagination and encourage people to think and act creatively – within the strategic framework.



As Seth Godin writes in *Tribes*:

*Leadership comes when your hope and your optimism are matched with a concrete vision of the future and a way to get there.*

When aligned around shared values and united by a common vision, ordinary people can accomplish extraordinary results. As Margaret Mead said:

*Never doubt that a small group of committed individuals can change the world...indeed that's the only thing that ever has.*

## **Focusing on Implementing Long-term Strategy**

Once the work has been done to develop a long-term and focused strategy, the real work begins. Many people who work in organizations are consumed by short term day-to-day pressures in order to make progress and deliver results. This tactical focus is naturally at odds with maintaining the long-term perspective. When push comes to shove, the natural tendency is to focus on clear, tactical actions.

## **The building blocks to execution:**

**Know your people and your business** – leaders and managers must be in direct and personal contact and obtain unfiltered knowledge about the status of their people and the business operations.

**Insist on realism** – Be sure to have a grounded and realistic understanding of your organization's strengths and weaknesses; avoid denial.

**Set clear goals and priorities** – The aim is to focus on a very few clear priorities; no more than three or four.

**Follow through** – The few priority goals must be taken seriously.

**Reward the doers** – Link rewards to performance.

**Expand people's capabilities** – You must invest in passing along knowledge, experience (and, yes, even wisdom) to the next generation. Find opportunities to coach.

**Know yourself** – In order to be honest with yourself, you must first know yourself. This is fundamental to tolerating and even leveraging a diversity of viewpoints; it takes emotional fortitude. Good leaders learn their specific personal strengths and weaknesses, especially in dealing with other people, then build on their strengths to overcome their weaknesses.

As Bossidy and Charan pointed out:

*The heart of the working of a business is how the three processes of people, strategy, and operations link together. Leaders need to master the individual processes and they way they work together as a whole. They are the foundation for the discipline of execution, at the center of conceiving and executing a strategy. They are the differentiation between you and your competitors.*

For more information see:

Bossidy, L., & Charan, R. *Execution: The discipline of getting things done*. New York: Crown Business.

Collins, J. *Good to great: Why some companies make the leap...and others don't*. New York: HarperBusiness.

Collins, J. C. & Porras, J. I. Building your company's vision. *Harvard Business Review*, 74, 65-77.

Isaksen, S. G. & Tidd, J. *Meeting the innovation challenge: Leadership for transformation and growth*. Chichester, UK: Wiley.