

Are You Building Your Strategies Off False Assumptions?

Effective strategies require that management be grounded in reality. That's not easy-especially during tough economic climates.

by Ray W. Swanson

Background. When progress stalls, we usually look to find out what went wrong with our strategy or execution, or both. However, even seemingly healthy businesses falter when the plans aren't anchored in reality. Having a vision for the business is important, but having a clear perspective on where the company is at all times is vital to getting there. In fact, maintaining this perspective is essential for survival in today's highly competitive global market.

The Issue. Why is the truth so hard to access? The information is always there. There are a number of reasons. Here are just a few.

Poor communication can create differing views of the same situation. Similarly, an immature or inexperienced management team (or head of a key function) will often interpret situations very differently from a more seasoned group of executives – these issues manifest symptoms such as confusion over the priorities of activities or even the activities themselves. Likewise, the daily pressures to meet timelines and sales forecasts can also help create an environment where people are afraid they will be penalized if they bring issues to the table. Unfortunately, in tough economies, the pressure can increase exponentially as employees fear, that by divulging unpopular news, they will lose their jobs. The very moment businesses need the best information, there can be a seemingly impenetrable wall of silence around the truth. Regardless of the cause, the impacts are similar - strategies are poorly executed, firefighting becomes the norm, morale declines and performance stalls.

The Solution. Maintaining a clear perspective on where the company is requires hard work, experience and, above all else, brutal honesty not only in the leadership team but across the organization. What can we do? Here is an example of how we addressed the issue in a company suffering from all of these symptoms.

Real-World Example and Results. The company, an early stage venture, was developing a new medical device. There was significant pressure to remain on the original time-to-market schedule. As the market launch date loomed closer, final R&D activities seemed to drag on and several timelines had already been missed. Morale had plummeted due to the missed timelines, confusion over multiple conflicting priorities, and the plethora of unforeseen issues that continued to arise just prior to each project review meeting.

Our goal from the outset was to tackle the two biggest issues: confusion over the priorities and lack of understanding of the product development state. We settled on a three-part program. First, the company held a workshop for senior leadership facilitated by an outside consultant who would be viewed as an objective third-party. To foster openness, a rule was defined, at the outset of the meeting, that the session was a meeting of equals amongst the management team. The objective of the workshop was two-fold: to gather the true facts on where the business was and gain management team alignment on the strategies. The agenda flowed as follows: script out the current reality of the company, compare that to the ideal state, identify the issues and gaps, resolve conflicting goals, and then

mutually develop and agree on the strategies. While there was some resistance to participate by a few managers at first, eventually everyone got into the game when they realized they were designing the company's future direction and making their lives easier by reducing day-to-day confusion. Everyone walked out of the room on the same page and specific talking points were provided to each manager so unified messages were communicated back to each functional area. This meeting and the business documents that were created became the starting point for a collaborative and highly successful strategic planning effort that followed.

Second, weekly leadership team meeting participation was broadened to include several influential mid-managers from within the organization. The agenda was modified to accommodate fuller participation. During the meeting, as key issues were discussed and then summarized, the CEO consistently checked in with each member of the group, not just to ask for agreement, but also for additional thoughts. The new participants were skittish about speaking at first, but by the second meeting most had begun to open up and share their detailed insights of the business. More importantly, feedback from the employee base, outside the meeting, indicated that the message was getting out that management was willing to listen to the truth.

Additionally, to address the broader requirement for full company alignment on the key priorities, routine town hall meetings were instituted to review specific aspects of the strategy and the

major upcoming milestones. Finally, the CEO and VP's made a point to incorporate managing by walking around (MBWA) into their routines as a way to non-intrusively ask questions, probe project status and encourage truth-talk with the rank and file.

The program was a success as more and more energy was directed into focused activities that were aligned with the company goals. Less fire-fighting occurred, milestone commitments began to stick and morale improved.

Conclusion. All companies face problems. Those that embrace a desire to truly understand the realities of their current business situation are more likely to succeed. Although the information may be close at hand, prevailing organization structures and processes can obscure these critical insights from view. Honesty and openness are required, and often an experienced outside perspective can be helpful to quickly gain the insights critical to success.



Ray W. Swanson is President of Blue Ridge Growth Advisors, a strategic consulting and hands-on management services firm headquartered in Chapel Hill, North Carolina.

Unfortunately, in tough economies, the pressure can increase exponentially as employees fear, that by divulging unpopular news, they will lose their jobs.

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Blue Ridge Growth Advisors • PO Box 17142 • Chapel Hill, NC 27516
Tel: 919.328.9034 • Fax: 919.928.5161 • www.br-impact.com