

John F. Graham
Contributing Editor

We don't need no stinkin' strategy



Every company has a strategy whether created on purpose by the company executives or by default. A strategy by default is really a nice way of saying we did not update, or create a new strategy for this year we are projecting our past strategy onto the future and hoping that nothing changes.

In many cases, not creating a new strategy can be okay. It is a message from management that we want next year to be just like last year. In essence, it is projecting the past onto the future. This works fine as long as no external forces change, such as:

- The economy
- Our market
- Regulations
- Supply sources
- Technology
- Etc.

Rest assured that some of these things will change over time, but a "strategy by default" is betting that none will change in the next 12 months. Good Luck!

A strategy is simply a plan that defines where we are and where we are going in the near term. It is created by a group of key executives with knowledge of the business and the surrounding business environment. Creating this plan normally requires uninterrupted isolation for a day or two away from the business. Just getting the key executives away from the business can be a challenge. Keep in mind this is the plan.

The plan is the easy part. The hard part is the execution. Why? Because execution is driven by operations and operations are driven by people. Execution requires the executives to carry the torch and help everyone focus on the new future. And this must be done over the sometimes-thunderous background noise of the day-to-day business.

If an executive met me in the elevator and said, "Quick, I am on my way to lead a strategy meeting and I have no idea what to do. Give me something I can use." I would tell him to focus on the basics:

- Strengths
- Weaknesses
- Opportunities
- Threats

With a well-defined SWOT analysis, you can make a pretty good plan for your business. Here are a few comments on each of these four points in the SWOT analysis. Honesty is the best policy. The highest-ranking executive in the room must create an atmosphere where it is safe to be totally honest about the company's true strengths and weaknesses. Deception will only cause improper aim and the company to miss the mark. Keep in mind, just because we recognize something as a weakness does not mean it will be "fixed." It may not be in our best interest, given limited resources.

Opportunities and threats are even harder to tackle. Why? Insufficient facts that lead to conjecture. You can collect lots of other information, but the future has yet to be written. Look at the opportunities available to your company outside of what you currently do. Most should be some kind of extension of the company's core competencies. Careful: Straying too far has killed many a company.

Threats are every bit as important as opportunities, sometimes more important. Threats can come in the form of:

- Employee turnover
- Loss of critical company information
- Loss of supply source
- Economic crash
- Direct competition
- Product substitution
- Changes in technology
- And anything else that could impact revenue.

If I were facilitating your executive strategy session, we would go a lot farther than the SWOT analysis. But this in itself can pay big dividends, if done properly. The SWOT analysis is the basics for most strategic planning. A professional football coach once told me: "The pros do the basics extremely well."

Now back to the hard part—the execution of the strategy. Far too many companies, filled with good intention, go through the work of creating a strategy and then let it die on the shelf. The daily challenges of business are real and relentless. They can easily take priority over the execution of your strategy. How do you avoid falling in this trap? Here are a few suggestions:

- Develop initial action items and a responsible person for each item.
- Share the strategy with everyone in the company and get them involved.
- Meet once per quarter to discuss progress.
- Assign new action items or renew those ongoing.
- Hold people accountable.
- Give recognition for achievement.
- Have another master session offsite every 12 months (make it unique).

Strategic planning will eventually become ingrained into your culture. Your company will benefit from being proactive and your competition will have to play catch-up.

The author

John F. Graham is the COO of Pipeline Inspection Company, Ltd. (the manufacture of SPY® holiday detectors and pig trackers) and the President of Frontline Resources, Inc. (a productivity consulting firm). Visit www.TheLeadershipEngineer.com for more information.