

Complex Strategic Plan Solution

Many organizations that have grown to the multi-billion dollar level have become so complex that strategic planning becomes very difficult. It is also quite common for complex organizations to lose sight of customer outcomes that are critical to forming the basis of strategic planning. When this happens, there is often a large waste of time in the organization as people make sub-optimized decisions and take actions independent of strategic thinking. As frustration and confusion in the organization increase, performance suffers and opportunities are lost. The following is an example of what we have done under these circumstances to assist in creating a productive path forward for the customer.

Business Challenge

A client with operations in over 60 countries had labored for two years to clarify and mobilize a strategy. In the two years, there were more setbacks than successes as the organization struggled to get traction their strategic direction. A small minority of the executive team felt they had a full understanding of the strategy and were somewhat frustrated by the lack of progress. The company had enjoyed a long run of success in expanding globally with products of increasing size and complexity. They had also mastered a unique and difficult aspect of being an OEM by distributing their products directly and through channel partners without creating channel conflict. As in many cases, the problem for the company was not their ability to perform, it was their ability to continue to grow. Most business models have some practical limit that represents a point of diminishing returns for growth. Either because of a lack of attractive market or penetration by competitors or substitute goods, the best products reach a plateau. Wise leaders know that the plateau has two sides: the up side just passed and the down side just ahead. This was the point at which we engaged in the process of strategic planning to move the company forward.

Solution

The client was entering the strategic planning cycle with approximately 30 top executives. In the past, consulting solutions had failed miserably due to the inability to gain credibility with the organization's leaders. In this case, because of the strength of the process and the immediate engagement of the team in productive work, the executive team willingly spent the time required to execute the planning process. The executive team created a set of goals for the organization, a set of strategy maps for their products and solutions and a systems risk assessment for their infrastructure. From that analysis, a set of initiatives were developed to engage the strategy in real terms at the program and project level of the organization. Strategic planning sessions with sections of the company were then conducted to align the organization at a deeper level to the overall strategy. Each workshop used the same methodology and process to create linkages from the overall company strategy to the local organization. The strategic plan then became the mechanism for vertical alignment in the organization.

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Results

The executive team worked very hard in the initial stages of the strategic planning process to gain a common understanding of the issues and opportunities they faced. Once they had a common understanding and common vocabulary with which to address the problems, they were able to articulate strategy at a level not before experienced in the organization. The executive team gained the ability to engage strategy directly. They were able to transfer their knowledge to their organizations. In the process, teams made major discoveries. In one case, a product development portfolio was found to contain about 40% development effort that had little or no strategic value when examined against criteria based on the strategic plan. Millions of dollars of development costs were re-deployed to better use as a result of this work. The overall organization began to deploy their effort and energy based on a common understanding of strategy. The organization continued to grow and prosper to the point that it became a highly valued company as an acquisition. Upon being acquired by a larger company, the shareholders of the company were compensated at a very high level. Having clarified and engaged their strategy made them much more attractive.

Summary

There is no strategy if nobody knows the difference between something that makes strategic sense from something that does not. People in organizations are not likely to figure it out on their own either. Some organizations can operate for an extraordinary amount of time with little or no strategic planning because they are unconsciously competent in running their existing business model. At some scale of enterprise, however, it becomes necessary to engage the leadership team in the process of translating their vision into actionable terms for the organization to engage through strategic planning. This usually occurs at the point where the business model begins to run out of growth potential. This is where strategic planning is no longer optional. To learn more about how our unique blend of strategic planning works or to get started on taking advantage of the opportunities to make a significant impact on value creation, call us at StratEx Advisors, Inc. at 530-672-8178 or simply email mark@stratexadvisors.com