AGILE STRATEGY

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Mention strategy development and most CEOs grit their teeth, imagining months of analysis led by corps of consultants, often with significant cost and a result that doesn't match where the company and its senior team really sees itself going.

Sadly, many CEOs don't have a lot of confidence in their strategy. According to a 2013 Booz & Company survey of more than 3,500 global leaders, over half doubt their company's strategy will lead to success or think their strategy is understood by employees and customers. Even more alarming, only a third feel that their company's core capabilities fully support their strategy.[i]

So much has been written about successful strategy development. And while the content of a good strategy is actually quite fundamental, the processes used to develop that strategy count in the thousands. What should be straightforward has been complicated to the point where most executives don't believe in the outcome.

Previously, HighPoint Senior Advisor Jim Bennett shared with our readers a seven-step institutional strategy framework for any company needing to conduct a thorough and rigorous strategy review process.[ii] We believe it's the go-to "overhaul" process for any company lacking a clear view of its marketplace, its core businesses, competitive strengths, and differentiators. The result is a truly workable strategy that defines what a company needs to do and why.

In this issue, with HighPoint Consultant Mary Kate Scott, we review an alternate approach, "Agile Strategy." Scott is a seasoned senior strategist with over 18 years experience helping clients capture growth opportunities in evolving environments.

For organizations that meet certain criteria and have limited time to dedicate the resources demanded by the institutional strategy framework, Agile Strategy offers an effective, rapid and collaborative approach. It allows a company's leadership to quickly and efficiently tap into the wisdom that already exists within an organization. And it enables a senior team to gain alignment around the most critical questions facing the company and to prioritize initiatives to ensure success.

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Over the years, Scott and HighPoint have partnered with multiple companies to conduct the Agile Strategy process.

What makes this approach unique is not the outcome, but the methodology.

"Some strategy work involves reexamining what's already been created or understood," explains Scott. "There are instances when a company may not need or want to conduct a lengthy, involved strategy review. They may already have a mission that remains relevant, a deep understanding of their marketplace and the direction in which they want to go. They may simply be lacking alignment or need to consider a new element (competitor, technology or customer segment) to ensure they are on the right track. We created Agile Strategy to deliver a comprehensive roadmap in a very efficient, highly-focused manner that emphasizes simplicity and a working strategy."

ARE YOU A CANDIDATE FOR AGILE STRATEGY?

The process begins with a quick assessment on two key factors: 1) how well does the company really understand its business and marketplace 2) do they have a solid base of ideas and initiatives for where they want to go, but maybe lack focus or consensus?

Do you have a strong fact base on your business and the marketplace?

To have a meaningful discussion about strategy, a company and its leadership team must demonstrate a thorough and deep understanding of their business.

Scott challenges the CEO on how connected the company is to its marketplace. How many new customers do they have? How do they monitor their competitors? When did the company last examine trends in technology and the impact on the company's business? Has the company made changes or additions to its senior team? What corporate data is most relevant, and how does the senior team use this data?

How connected is the company externally? Does the senior team attend outside conferences and events, or are they involved in their industry association?

Scott gives the example of a specialty health services provider who demonstrated deep connectivity to its marketplace. Multiple senior managers were involved in two large industry associations. A few held leadership positions in those

associations where they helped to define industry-setting standards and were part of conversations that were resetting industry boundaries.

Not every company is ready for Agile Strategy, and there are useful red flags. If a company hasn't explored new technologies or geographies, invested in new product development or can't predict competitor behavior, they may lack a full and rich picture of their industry and marketplace that a traditional strategy initiative would deliver and thus should not pursue the Agile option.

Do you have initiatives but lack a strategic decision?
"A collection of initiatives is not a strategy. A well-defined strategy maps out where, why and how you are going to compete and allows you to stay on course," says Scott. "It gives people the opportunity to step back from a dizzying array of opportunities and initiatives to head in the same direction."

Any well-run company will have operational and tactical plans focused on things like gaining incremental market share, developing new product features, reducing costs. These plans typically are based on status quo assumptions about the business. The temptation is to lump these tactical plans and new projects into a strategic direction.

Scott often asks clients to name a strategic initiative to which they've said "no." Chances are if senior leadership hasn't said "no" to anything, it's likely they don't have a well-defined strategic direction.

"Having the ability to say "no" validates that you have an internal guide as to what makes sense. Even if you don't know the exact reasons for saying no, a thought-partner can help to articulate your gut reaction and clarify your strategic intent," explains Scott.

When asked to define its strategic direction, one company defined it as being a "leading provider of specialty health services in California." Scott probed further, asking them to name an initiative to which they'd said "no." As it turns out, they'd specifically avoided certain markets that were too distant or small and were now focusing services on five counties. Narrowing their focus to those markets allowed the senior team to better hone its strategic direction and target the initiatives that would best get them there.

"This process forced us to engage as a team in a new and extremely constructive way," reflected the company's CEO. "Together, we became clearer and more intentional in how we make decisions, particularly as it relates to how we pursue new business opportunities. This has allowed us to gain consensus on the most critical initiatives to drive growth and profitability and commit the resources necessary to succeed. And the whole process took less than a month."

FIVE STEPS TO AN AGILE STRATEGY

Information Gathering
If a company passes the preliminary screening for rapid strategy, Scott moves into phase one of the rapid strategy effort: a highly-focused intensive information gathering process.

Scott asks the CEO to pull together a list of senior leaders who are core to the organization's success and best understand the company and where it's headed. The goal is to represent all relevant viewpoints and major constituencies, without making the group so large that it loses focus. These leaders are invited to participate in one-on-one interviews and small group meetings led by Scott.

These interviews and subsequent surveys are geared toward gathering as much detail about the business, industry and opportunities as possible. Participants are encouraged to share new ideas, challenge assumptions – demonstrate all the characteristics of an engaging and creative brainstorming process. Similarly, the small group meetings allow senior leaders to hear from their peers and collaborate.

At this stage, Scott will also tap outside expertise to validate senior leadership's assessment of its marketplace. "In most cases, the senior team has a solid grasp of the opportunities and challenges it faces. Having the input of three additional industry sources ensures that you have a rich yet rapidly created picture."

In many cases, it may also make sense to involve a board member or two. As posed by HighPoint Senior Advisor Henry DeNero in 2013,[iii] Board members are and should be increasingly involved in the strategy review process. Not only because they are being held more responsible for company performance and assessing risk, they can also offer ideas and insights from other industries not seen by a senior team.

Consensus Gathering
Next, the senior team participates in a workshop to discuss the material gathered through the interviews and survey process. The goal of the workshop is to foster new dialogue, generate insights on new opportunities or threats, and gain consensus on the strategy.

"We use the survey and interviews as catalysts for discussion," stresses Scott. "Often you'll find participants answer questions differently in the workshop setting after they've heard the discussion of their senior colleagues. Together, we surface all the issues, create insights and drive to consensus."

Any rapid strategy effort is only as good as your ability to tap into the wisdom of your senior team. And the best way to

do that, ironically, is to be pushed and challenged by someone who knows your business and marketplace, but is not tied to specific projects, products or investments.

"For this process to be successful, you need someone who can dedicate time to strategy and often there isn't anyone in the company with that capacity. You also need a person who can bring expertise and insights on your marketplace, and an independent voice to ask the hard questions to challenge the team, as well as the skill sets to facilitate discussion," explains Scott.

Defining Strategic Direction

To define the company's core strategy, the team is encouraged to answer these fundamental questions:

1. What customer problems can we solve? Which are we going to solve?

2. How big is the market and where is the future market potential?

3. How can we uniquely solve the customer's problem?

4. Why are we better than the competition at solving the customer's problem and how will we maintain our advantage?

5. How will we extract the most value and generate worthwhile returns?

As facilitator of the strategy discussion, Scott challenges the senior team as to whether everything presented can actually be implemented or achieved. "It's rare to find six equal strategic initiatives," she explains. "Every resource allocation, risk or lost opportunity needs to be examined and prioritized."

It's not unusual for a creative management team to be distracted by new opportunities, particularly in a company with proven success of its existing strategy. The risk, particularly for mid-size companies, is that already limited resources get pushed in the wrong direction and focus wanes on the core strategy.

Outlining Strategic Direction

After the team has worked together to define the company's strategic direction, Scott will compile all the information into two working documents. "Gaining consensus amidst the senior team is just one important step," says Scott. "As critical to defining the strategic direction is providing the team with tangible, concrete tools to help them stay on course and with which to brief the whole organization."

The first is a concise, four- to five-page document that provides a graphic representation of the company's strategy. "Purposefully, the document is not crowded with content but clearly and succinctly outlines the strategy," explains Scott. "It's a simple, easy way to present the strategy and its parts to

relevant audiences both inside and, if appropriate, outside the company."

The second tool from the workshop is a detailed, comprehensive written overview. This document fleshes out for senior leadership the core parts of the strategy: who we are, what we do, where we're going, what will ensure we remain competitive, and the initiatives to get there.

"Having that level of granularity is vital," stresses Scott. "It maintains accountability and focus. The senior team can refer to this document and keep their feet to the fire."

Scott encourages the team to check their progress and initiatives against the strategy outlined in the document. "As in sailing, it's expected that things will vary a bit," explains Scott. "You set a course and as conditions (or the marketplace dynamics) change, you are forced to make a course correction. Maybe you need to avoid a storm or adjust to changing winds, but your fundamental course will likely not change."

Six-month review

After six months, Scott has a formal review with the senior team, revisiting the detailed strategy document and assessing traction against commitments.

"Is the company still on course? Have they made any course corrections? Are they investing appropriately and building their competitive advantage for the future?" asks Scott. "We probe every aspect of the strategy to ensure that not only does the company remain on point, but that the management team is still aligned behind it."

CHOOSING THE RIGHT STRATEGY PROCESS

As noted earlier, Scott recognizes that Agile Strategy is not for everyone. Regardless, she counsels that all organizations need to ensure their strategic direction is clear. "In some cases, a company may require a complete overhaul of their strategy. In others, Agile Strategy can deliver insights, alignment and traction to a company's goals."

i   Capabilities-Driven Strategy, Executive Survey by Strategy& (formerly Booz & Company), www.strategyand.pwc.com, 2013.

ii   Bennett E. McClellan with James E. Bennett, "Does Strategy-Making Have To Be All That Complicated?" HighPoint InSights, June 2012. http://highpoint-associates.com/wp-content/uploads/2013/02/June2012-Strategy.pdf

iii   Bennett E. McClellan and Henry DeNero,"Does Your Strategy Hold Up Under Pressure?" HighPoint InSights, April 2013. http://highpoint-associates.com/wp-content/uploads/2013/03/April2013_Strategy.pdf

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MARY KATE SCOTT is a healthcare and business management consultant with over 20 years of consulting experience. In addition to her work as an independent consultant, Mary Kate spent seven years at McKinsey & Company and two years at Procter & Gamble as a brand manager. Scott also serves as an adjunct professor at the University of Southern California and sits on the board of several health organizations. Scott holds an MBA from the University of Western Ontario and an MA from Australian National University.

KRISTINA TOBER is a communications consultant with over 21 years of experience. After working at The Wyatt Company, Kristina supervised and executed all areas of corporate communications for Helene Curtis, Inc., with an emphasis on investor relations, employee communications, and executive speechwriting. She also served key agency accounts at Ogilvy Public Relations Worldwide, providing communications strategy development and implementation, labor relations, and investor relations. More recently, Kristina has served a variety of clients on a freelance basis with an emphasis on copywriting and website content development. Kristina holds a BA from St. Olaf College.

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