

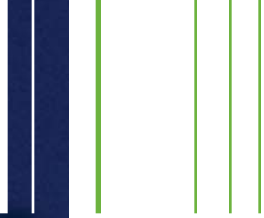
Developing an Effective Strategy

A Collaborative Approach to Strategies that Work



Your Problem: “We not only need a new strategy, we need one that our people will implement effectively. Is there a process that will increase the odds of our success with both development and implementation?”

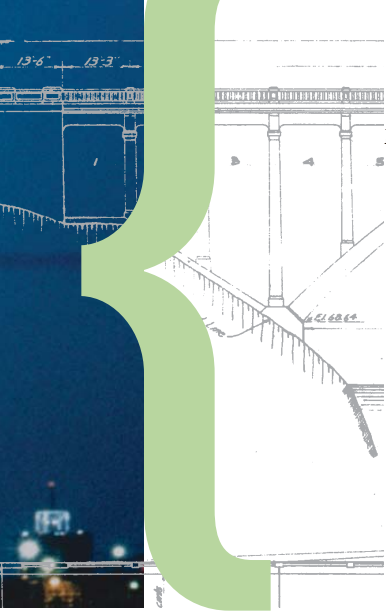




The days are long gone when a company could successfully employ the same strategy for a decade or more. In today's fluid business environment, the normal life of a winning strategy typically ranges from six months to three years.

More than ever, it's important for organizations to find the right process for developing new strategies—a process that flows from information rather than assumptions, generates creative alternatives rather than recycling old ideas, and builds the support of those who will be asked to implement the new plan.

But for CEOs and other senior executives, the flood of new strategic concepts, theories, and processes can be bewildering.



We hear leaders ask:

“Should I identify and build on my organization’s core competencies?”

“Should I try to figure out where the value is migrating in my industry—or outside my industry—and develop plans to address that?”

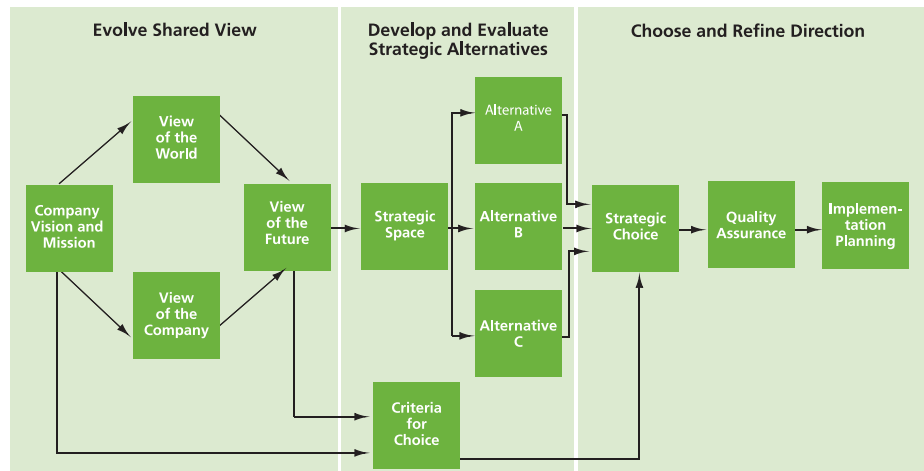
“What processes should I use: Game theory? Scenario planning? Discovery-driven planning?”

“How do I effectively involve my executive team and others who will be responsible for implementing the strategy?”

In theory, leaders want a logical, structured, and collaborative process for mapping the organization’s future. In reality, they often abandon that approach in their quest for speed and so-called efficiency. As a result, too many strategies are developed behind closed doors by one or two senior executives working with outside “experts.” That closed process has serious drawbacks:

- Insufficient participation by key people diminishes commitment, which can seriously hinder implementation down the road
- If they weren’t involved in developing the strategy, the executives responsible for implementing it will manage in a vacuum, basing their crucial day-to-day decisions on their own values, assumptions, and personal interpretation of the strategic intent
- In the absence of an enterprise-wide strategic perspective, a *de facto* strategy is created through a series of unrelated operational decisions, leading to misguided choices and missed opportunities

The Strategic Choice Process



Our Approach: Strategic Choice

In the course of our work with scores of organizations involved in large-scale change, we have developed an approach—Strategic Choice—that has proved valuable to organizations seeking new strategic direction in a broad range of industries. This deliberate, collaborative approach lays the groundwork for constructive debate and informed decisions by providing a logical framework for evaluating strategic alternatives and a method for getting the team to work together productively. The process engages the executive team in three sequential stages of discussions:

- The team begins by developing a shared view of market and industry dynamics, current company strengths and weaknesses, and criteria for future success. The team openly discusses each individual’s personal assumptions and then assembles a collective perspective.

- Next, the team matches the company’s current and future capabilities against existing and potential market opportunities, zeroing in on the “sweet spots”—those few strategic directions that merit detailed examination. Then they develop a business case for each of the most promising options.

- Finally, the team uses explicit criteria to evaluate each alternative and make a final choice. Then the team subjects that choice to rigorous testing—from team members, others within the organization, and outside review—and creates a detailed implementation plan.

Although this Strategic Choice process is flexible and can be tailored to specific situations, its value lies in three fundamental principles:

- **The right people must be involved.** The strategic thinking behind the plan—carried in the minds of managers and

executives, and reflected in their daily decisions—is what guides the countless, crucial decisions that determine whether resources are allocated in line with the strategic intent.

- **Varying and competing assumptions should be identified and addressed.** The range of positions on strategic options reflects each member’s individual background, education, position within the company, and past successes and failures. These positions must be openly discussed.

- **The new strategy must be developed holistically.** In other words, Strategic Choice forces the team to generate, examine, and then choose from among several strategic alternatives, each supported by a fully developed business case. Only after a complete and thorough discussion can the team make a fully informed choice about its future direction.

How Oliver Wyman – Delta Organization & Leadership Can Help

For more than two decades, Oliver Wyman – Delta Organization & Leadership has worked with senior executives in more than 200 organizations on complex issues involving strategy and organizational change. And while we can offer a tried and tested approach to the challenge of developing a new strategy, in the final analysis no one other than the CEO and executive team can ensure the development of a robust strategy. Senior leaders must be willing to invest significant time and effort in discussing, debating, and deciding which path to follow. We can assist in this process by:

- **Helping leaders establish a shared view:** This is a common understanding of the marketplace dynamics, the company's current position, and its aspirations for the future (i.e., View of the World, View of the Company, and View of the Future).
- **Working with senior leaders to develop and evaluate strategic alternatives:** Assessing current and future market opportunities against the organization's existing and potential capabilities results in strategic alternatives that represent viable strategies for capitalizing upon new opportunities.
- **Assisting leaders in choosing and refining a strategic direction:** The final stage before the team announces its decision and implementation begins is to select a strategic direction from among the alternatives, to further develop that choice by defining implementation details, and to subject the final, detailed choice to intense critical review.
- **Aiding in the assessment process and appointment of a transition manager and/or transition team:** Once the plan has been created, people naturally refocus on day-to-day operations, and issues fall through the cracks, particularly when a significant shift in direction suddenly obscures who owns what. Executive teams charged with monitoring implementation are often too large and do better as oversight bodies than as working teams. It's better to designate a small, focused group that can keep its eye on all transition issues and do the legwork for the executive team. All transition team members should view their roles as critical but temporary. After all, transitions by their very nature have a defined beginning and end.



As You Move Forward...

Whether or not you choose to work with us on the development of your new strategy, we urge you to keep these vital issues in mind:

1. Recognize who owns it. The job of strategy can't be delegated. Ultimately, the responsibility rests with the CEO.
2. Acting too quickly is worse than not acting at all. Developing an effective strategy requires active executive team participation and highly focused group work. Certainly, speed is essential, but jumping the gun and choosing the wrong strategy can be fatal.
3. Players are the key ingredients. Those responsible for implementing the strategy should be involved in developing it. The executive team and the strategy team should work together closely; ideally, they should be the same team.
4. Assign responsibilities wisely. Be sure to assign the right people to the many and varied roles involved in strategy development. No matter how good your process is, putting the wrong people in the critical roles will doom the effort.
5. Be clear about the deliverable. The outcome of successful strategy work should be a fully documented, clearly understandable strategic roadmap. Without that, the difficult job of implementing a new strategy becomes virtually impossible.

About Oliver Wyman – Delta Organization & Leadership

Oliver Wyman is building the leading global management consultancy, combining deep industry knowledge with specialized expertise in strategy, operations, risk management, organizational transformation, and leadership development. Delta Organization & Leadership works collaboratively with CEOs and senior executives to meet the challenges of building talent, accelerating organizational performance, and driving business success. Our Executive Learning Center provides top-tier executive education around the world, designing and implementing customized programs that develop the leaders you need to compete and grow.

We bring deep expertise and a track record of high-impact solutions that minimize business risk by:

- Maximizing CEO and senior team effectiveness
- Making your strategy work
- Building an effective board
- Managing the business of change
- Redesigning your organization
- Developing a pipeline of the right leaders for your business
- Securing commitment through communication and engagement
- Bringing meaningful data to decision-making

To obtain further information about Oliver Wyman – Delta Organization & Leadership, please contact us at deltainfo@oliverwyman.com or the telephone numbers below.

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