The CEO's Guide: Ensuring Strategic Relevance

A checklist for leaders to better improve both their strategic decisions and their strategic decision making processes.

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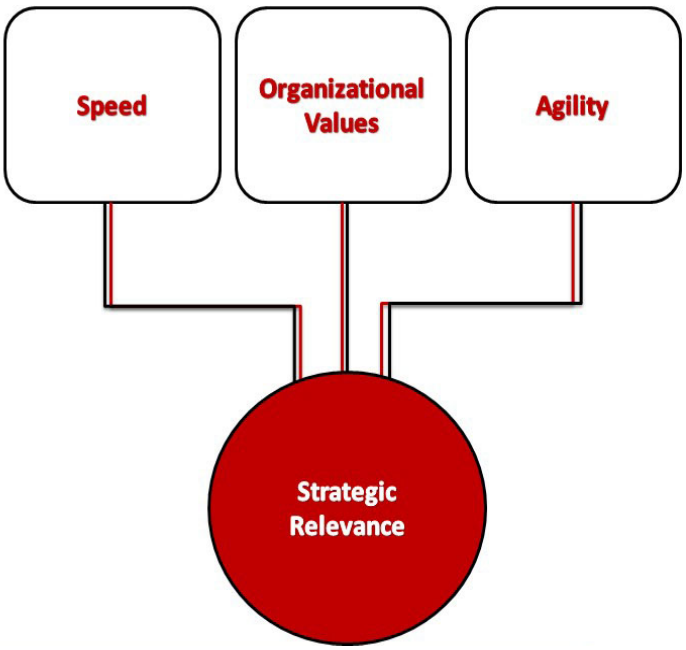
In a world of vast risk and uncertainty the only universal constant is change. Learning how to master change is critical for the success of all organizations. One strategy for doing so is through the use of strategic relevance, the process of staying in tune with what matters most in a dynamic environment. This strategic mindset allows a CEO to respond to change with speed and agility while keeping the best interest, core values and alignment with long-term vision of the organization in mind.

Certainly, understanding the winds of change in a market and industry is one of the biggest challenges facing executives. Product oriented companies will often start with a great idea or technology and launch with fantastic growth and success; yet, over time as the industry and/or market needs change, these companies exhaust their competitive advantage.

Alternately, some companies struggle to capitalize on emerging market opportunities due to over reliance on formal, annual strategic planning processes. This process is a lumbering one developed over several months (even quarters) resulting in a slow recognition of strategic issues and ineffective responses. Annual strategic reviews have several perceived strengths, it is true, including thorough decision-making and attention to consensus, but their static nature hinder rapid deployment of resources to exploit developing opportunities or the chance of getting blindsided by a substantive threat.

Sales or development-driven companies appear to have priorities that shift quarter-to-quarter based on the next customer demand or next product of interest. These companies are nimble, true, but they lack the proper strategic context to grow over the long term. Flexibility and adaptability are both excellent traits of successful businesses, however, creating churn within the organization is a limiting factor. Keeping employees engaged and aligned with the strategic direction and priorities of the organization is necessary for optimal operational execution (i.e. getting the job done well and for the right reasons).



Each of these company types would benefit from a thorough, yet adaptively lean approach to strategy development and enablement that focuses on preparing for uncertainties and increasing speed of response to new business challenges. In essence, ensure strategic relevance to guide sustainable value growth.

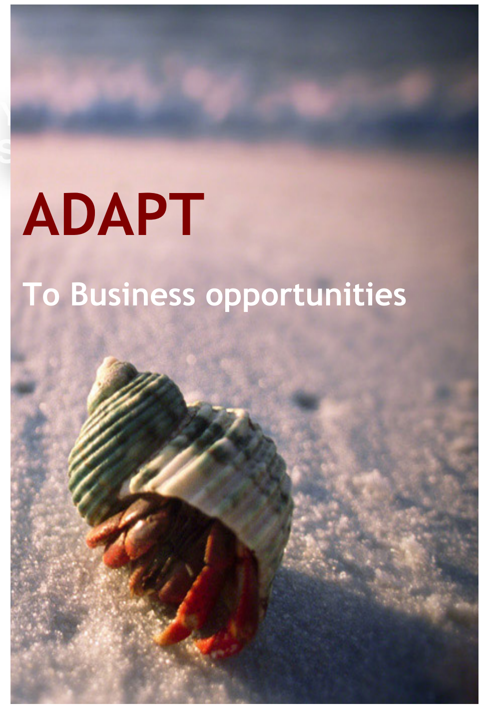
The approach to providing relevant, real-time meaning to strategy should entail the following three imperatives:

Synchronize Strategic Decision Making with Market Events

Conduct market-triggered reviews of strategic plans to facilitate timely response to emerging business challenges vs. calendar-driven annual reviews tied to budgeting cycles. This minimizes the droning bureaucratic tendencies often associated with process-driven activities. Instead, the urgency necessary to respond rapidly to company impacting events drives energy and real-time meaning to ensure strategic performance.

Best-in-class companies that deliver sustained value use off-cycle strategic planning forums (30-day accelerated analytical exercises) that provide a more timely and rigorous decision-making process to address specific strategic issues or opportunities that impact the organization. Outcomes include midcourse corrections and/or reallocation of resources toward areas of greatest business impact.

Year-round screening of market, competitor and technology trends yields insight to strategy-relevant topics (e.g. customer selection, value proposition, profit capture mechanisms) on which to focus off-cycle forum discussions. Additionally, monitoring and prioritizing factors that will have significant impact on profitability (e.g. competitor intensity, total market opportunity, associated services revenue) provides an early indication that a strategy is off-track, triggering re-evaluation of strategy viability.



Conduct Scenario Planning to Prepare for What Might Happen

Incorporate scenario planning into the strategic planning process to prepare for fast-changing and uncertain industry dynamics. Such dynamics include competitor attempts to strengthen their own position in the value chain, new market entrants with unique business models, and unexpected changes in channel loyalty.

Strong organizations use scenario planning to test the resilience of their growth bets against possible value-chain disruptions. Strategic scorecards allow organizations to evaluate their ability to react to industry changes and effectively address. Quarterly business reviews should include scoring of strategic initiatives based on their likelihood of success in each scenario considered. Continued focus on the potential vulnerability of each initiative enables organizations to develop and communicate contingency plans for risky scenarios and rework or terminate initiatives in jeopardy. This works to keep all well informed and in tune with keeping the strategy relevant (i.e. no surprises).

Employ a Dynamic, yet Disciplined Strategic Planning Framework

It's imperative to have a strategic planning framework that is capable of deep dive assessments as well as accelerated analytical exercises in response to new, unexpected considerations. Such a framework should enable companies to build upon the strategic insight in place, yet gain additional value from insights gleaned by being adaptable to changing conditions in short order. It must, therefore, be dynamic. Dynamic in that it's interactive, repeatable and malleable to the need at hand.

The following outlines key elements in such a framework with each requiring thorough analytic and practical tools for effective strategy creation and re-evaluation as necessary.

- Understand the context of who the organization is, what they want to be,where they aspire to go and what value is to be had during the journey. It should answer what is the purposeful focus with as much clarity and brevity as possible.

- Comprehension of factors that may impact the journey an organization wants to pursue -- both externally and internally. It helps assess the company/opportunity fit in pursuit of the vision.

- Determine the journey's path and comprehend what's necessary to get there. In essence, it answers how to win.

- Develop the capability to address the considerations and decisions to be made that prepare an organization in the right way. It's about readiness to succeed.

- Document the journey through measures of performance against desired outcomes and, more importantly, the desired behavior(s) in reaching the destination. It sets the business expectations necessary to achieve success.

- Focus on the desired outcome through ongoing diagnosis. This means reliable examination of progress and fast decisions to act responsively. It serves to drive continuous improvement and repeatable success. This ensures actions are being taken for the right purpose in an ongoing manner to keep strategy relevant.

A strategic planning framework with these elements provides a lean, interactive and repeatable means for creating sustainable value through thoughtful strategy. This agile framework is easily applied to the deep dive annual approach to strategy development, but also the responsive off-cycle assessments needed to address unforeseen events real-time.

What Matters Most?

The most significant variables to ensuring strategic relevance are speed, agility and comprehension of an organization's values and long-term vision. If an organization knows well what they stand for and an aspiration of where/what they want to be, then they can move as fast as necessary to drive decision-making with confidence whether in the formation of an original strategy or a new strategic pivot influenced by changing industry dynamics. During so is significant to delivering sustained value.

About PlazaBridge Group

PlazaBridge Group is a Raleigh, NC based consulting firm with a global reach. We are focused on revenue growth and are a sales centric organization. Our functional practice areas include sales process transformation, sales and marketing alignment and automation, new market development, product offering development and strategy, as well as execution and technology development. Our clients have included all sizes of business from Coca-Cola, Lowes, and Quintiles to small startups.

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Checklist for Ensuring Strategic Relevance

- [ ] Is your organization prepared for the unexpected strategic altering events that may arise in your efforts to grow your business?
    - Be prepared. Have response plans mapped out through scenario simulation. Most importantly, have the ability to adjust within a framework understood by all.

- [ ] Do you have the means to pivot strategically in the best interest of the organization and in alignment with core values and long-term vision?
    - If an organization knows well what they stand for and an aspiration of where/what they want to be, they can then move as fast as necessary to drive decision-making with confidence whether in the formation of an original strategy or a new strategic pivot influenced by changing industry dynamics. During so is significant to delivering sustained value.

- [ ] Is your distinctive competence exhausting and/or market need changing such that you're losing your competitive advantage?s
    - Staying close in tune with evolving market needs and industry dynamics helps direct investment priorities to maintain relevance of the company to your customers and new customers.

- [ ] strategic planning processes that slow recognition and responsiveness to changes in the market?
    - Despite the perceived strengths of annual strategic reviews, including thoroughness of decision-making and attention to consensus, static planning processes hinder rapid deployment of resources to exploit developing opportunities or the chance of getting blindsided by a substantive threat.

- [ ] Are your business priorities seemingly changing quarter-to-quarter to the extent employees, and even business partners, feel churn and a lack of sustained strategic direction?

    - Although such companies are nimble, they lack proper strategic context to grow over the longer term. Keeping employees engaged and aligned with the strategic direction/priorities of the company is necessary for optimal operational execution

- [ ] Do you conduct market-triggered reviews of strategic plans to facilitate timely responses to emerging business challenges vs. calendar-driven reviews tied to budgeting cycles?

    - Synchronize strategic decision making with market events. This minimizes the mindless bureaucratic tendencies often associated with process-driven activities. Instead, the urgency necessary to respond rapidly to company impacting events drives energy and real-time meaning to ensure strategic relevance.

- [ ] Have off-cycle strategic planning forums been utilized to enable a more timely and rigorous decision-making process?

    - Best-in-class companies often use 30-day accelerated analyticalexercises as a means to address specific strategic issues or opportunities facing the organization. Outcomes include midcourse corrections and/or reallocation of resources toward areas of greatest business impact

- [ ] Does the organization employ year-round screening of market, competitor and technology trends to yield timely insights that may affect strategic outcomes?

    - Such screening helps identify relevant topics on which to focus off-cycle forum discussions. In addition, monitoring and prioritizing factors that will have significant impact on profitability (e.g. competitor intensity, total market opportunity, associated services revenue) provides early indication that a strategy is off-track, triggering re-evaluation of strategic viability.

- [ ] Do you incorporate scenario planning into the strategic planning process to prepare for fast-changing and uncertain industry dynamics?

  - Organizations must use scenario planning to test the resilience of their growth bets against possible value-chain disruptions. Such dynamics include competitors attempting to strengthen their own position in the value chain, new market entrants with unique business models, and unexpected changes in channel loyalty.

- [ ] Are scorecards used to evaluate an organization's ability to react and effectively address industry changes?

  - Quarterly business reviews should include scoring of strategic initiatives based on their likelihood of success in each scenario considered. Continued focus on the potential vulnerability of each initiative enables organizations to develop and communicate contingency plans for risky scenarios and rework or terminate initiatives in jeopardy. This works to keep all well informed and in tune with keeping the strategy relevant (i.e. no surprises).

- [ ] Does the organization have a dynamic strategic planning framework capable of responding to new, unexpected considerations?

  - It is imperative to have a strategic planning process that enables companies to build upon the strategic plans in place, yet gain additional value from insights gleaned by being adaptable to changing conditions in short order. It should be interactive, repeatable and malleable to the need at hand --both deep dive assessments or accelerated analytical exercises in response to an immediate condition.

- [ ] Does the entire organization understand their purposeful focus?

  - Critical for an organization to understand the context of who they are, what they want to be, where they aspire to go and what values to be had in their efforts to grow the business and create long-term value.

- [ ] Is the company/opportunity fit in alignment with the long-term vision?
    - An organization should have solid comprehension of factors that may impact market potential and consequently business growth. These include both external and internal considerations.

- [ ] Does the organization have clarity on what it takes to win in the market and thoughtfully prepared plans to do so?
    - Determining the plans and initiatives that lead to success must be in the context of knowing what positive outcomes look like. Readiness to succeed includes developing the capabilities within the organization and partnering with others as necessary.

- [ ] Are the expectations of good business performance well measured and reviewed?l
    - It's necessary to document business execution of strategy through measures of performance against desired outcomes and, more importantly, the desired behavior(s) in achieving success. Get everyone on the same page with respect to understanding what success looks like and holding people to it.

- [ ] Is there a means of reliably examining progress and ensuring responsive decision-making to drive continuous improvement?
    - Relevant strategy development and execution is not a linear process, but rather a set of tandem actions that may require quick iterative review based on changing market conditions. An organization must be prepared to pivot strategy in an agile manner to be effective over time. The journey to deliver sustainable value should focus on the desired outcome through ongoing diagnosis and response. Sticking to a "set in stone" approach will exhaust any established competitive advantage. This ensures actions are being taken for the right purpose in an ongoing manner to keep strategy relevant.