



**Insights for Action:
For Sustainable
Success, Develop the
Strategic Thinking
Skills of Your Leaders**
Whitepaper

“Our vision is to be a trend-setter. Unfortunately, we spend more time reacting than leading.”

Does your company spend too much time and money on short-term tactics? How do organizations like Duracell, Gillette, Procter & Gamble, Hershey and Kraft retain leadership in an ever fragmented consumer marketplace? Why do Wal-Mart and Target always seem to thrive when other retailers are struggling?

Market leadership and innovation can often be elusive, but they are rarely accidental. Successful companies don't react to their competition. They make strategic planning a management priority, and they recognize proactive thinking as an indispensable core competency. They also invest heavily in developing the creative problem solving skills of their executives. And once companies develop first rate strategic thinking capabilities, their leaders can begin to address problems and opportunities at the strategic rather than tactical level.

Over several decades, the partners of GlobalEdg have helped many executives and management teams improve their strategic thinking capabilities. We have found that sound business planning and execution require more than setting financial goals and measuring return on investment. The truly successful companies create meaningful work for all employees; they efficiently deliver useful value-added products; they demand effective and consistent service throughout the value chain; and they serve their investors, suppliers, customers and communities in extraordinary ways. In short, strategic planning can be described as a complex set of activities around satisfying many, many stakeholders.

Strategic Thinking as a Global Competitive Edge

To improve competitive advantage in the global marketplace and develop the right strategies for success, leaders must thoroughly understand their organizational strengths and weaknesses as well as external opportunities and threats. They must also understand how to sustain results, once they are achieved.

GlobalEdg has identified five critical challenges that nearly every modern organization faces in today's global, digital economy:

Challenge #1 – Chaotic markets

Social, political, economic, technological and environmental forces make modern markets extremely volatile. The Grocery Manufacturers' Association (GMA), for example, cites ten major areas of industry concern. These areas are complex, and they are not mutually exclusive. None of these concerns is easily resolved without considering the interrelationships among all ten. *Strategic thinkers must examine multifaceted issues in a systematic, holistic way.*

Figure 1:

Food Retailer Concerns:

1. Ethics
2. Fraud and compliance
3. Globalization
4. Need for continuous product portfolio management
5. Private label products
6. Retail power
7. Rising input costs
8. Shifting consumption patterns
9. Stakeholder demands
10. Supply chain complexity

GMA, 2006 Industry Report

Challenge #2 – Misaligned purpose and principle

A common vision, a clear purpose and guiding principles provide a sense of direction and basis for decision-making. They also define your culture. However, many companies do not consider aligning their strategies to their purpose and principles. The consequence: strategies that conflict with the organization's belief system. Whether launching a new product, selecting a test market, or responding to competitive pressures, companies must align the strategies and expectations and activities to circumvent the conditions that unraveled Enron, MCI and Arthur Anderson. *Strategic thinkers must create the climate and systems for values-driven and principles-based decisions.*

Challenge #3 – Pre-conceived notions

When conditions change, as they do almost daily, breaking from the past is necessary. All organizations have embedded practices, rituals and beliefs that undermine employee commitment in the short-term and progress in the long-term. At GlobalEdg, we believe that new variations of past strategies are doomed for failure. A few years ago, for example, global expansion strategies centered on “one-size-fits-all” to reap economies of scale. Today, we know that profitable companies adapt their products and services to local cultures and lifestyles when expanding globally. Constant reevaluation of the “as is” operating model is a central tenet of strategic thinking competence. *Good strategic thinkers foster innovation.*

Challenge #4 – Undifferentiated value propositions

What is unique about your product or service? What differentiates your customer value proposition from the marketplace clutter? In an era when products and services are easily duplicated, the innovative, creative thinking of leaders and workers is a company's most valuable competitive advantage. Differentiation is what creates demand; it also helps drive profitability. *Strategic thinkers identify and leverage unique product and service advantages.*

Challenge #5 – Meaningful goals and metrics

Without measurements and standards, there is no strategy. Without evaluation and redirection, there is no progress. *Strategic thinkers set clear metrics and milestones and use them to manage their people, processes and assets against clearly defined expectations.*

The GlobalEdg Strategic Thinking Pyramid™

Our proven, trademarked model brings consistency, rigor and discipline to an organization's planning and decision processes.



1. Investigate landscape / marketplace: The base of the pyramid calls for a thorough assessment of the internal and external landscape, including a systematic review of marketplace conditions to identify Strengths, Weaknesses, Opportunities and Threats. This SWOT analysis helps organizations define their target markets and create unique value propositions. Apple, Inc., for example, is in the consumer electronics business, and they focus on providing user friendly technology: Think iPod and iPhone!

2. Develop objectives and strategies: The second step is developing SMART objectives (Specific, Measurable, Actionable, Realistic, and Timely) and devising strategies

to achieve them. SMART objectives serve as high level deliverables for achieving results with people, processes, customers and investors in a way that is sustainable for all constituencies. If the objectives state “what” needs to be achieved, the strategies provide a “way” to get you there. For example, growth strategies might include new products, market expansion, or acquisition. At GlobalEdg, we think of strategies as the conscious choices about the who, what, where, when and why of business and operations. When P&G chose to merge with Gillette, the combined new company became the market leader in male grooming, a growing, profitable market that had no dominant P&G brands. Solid, well-thought-out objectives are the cornerstone of effective planning and decision-making.

3. Execute plan. The importance of execution is often overlooked. However, insight to your marketplace, internal capabilities and value proposition are of little consequence without a robust and systematic execution. Timelines, accountabilities and resource alignment are the fundamentals of execution. Gillette's Fusion Razor provides a good example of a well-choreographed new product introduction that capitalized on the synergies of effective advertising, promotion, and retail execution.

4. Assess results. In a July-August 2006 McKinsey survey, only 56 percent of respondents indicated that their company tracked the execution of strategic initiatives. This same survey cited “failure to launch” as the primary cause of a failed strategy. To stay on track, clear measures, metrics and milestones are needed:

- *Measures* determine what should be tracked. Common measures include sales, profits, and market share. For many organizations, non-financial measures such as employee turnover, customer satisfaction, or employee engagement are equally important.
- *Metrics* are quantitative values such as a quota, percentage increase or cost reduction against a goal or target.
- *Milestones* establish the time frame for evaluating or accomplishing goals, often expressed in terms of launch date, business quarter or fiscal year.

For each objective, ask: *What does success look like for people, processes, customers, investors and other stakeholders?* After you analyze the meaning of success for each stakeholder,

structure a work breakdown for each strategy or group of similar strategies. Identify specific work and tasks, assign responsible parties, establish timetables and designate the resources required to accomplish each task.

5. Sustain success. Finally, recognize that, sooner or later, your strategic execution will falter without a conscious effort to *maintain momentum*. At the top of the pyramid, enduring systems and habits are required to sustain strategic initiatives and encourage continuous improvement without constant vigilance. This may include fine tuning or exercising contingency plans in uncertain times or updating the landscape investigation at scheduled intervals. Aligning management systems to strategies, execution and results is just as critical to long-term success as choosing the right strategies. Strategies that complement an organization's purpose, values, processes, systems, structures, culture, and competitive environment promote acceptance and commitment. When strategies and organizations are misaligned, it's like driving with one foot on the gas and one foot on the brake; you waste energy going no where. Even proven quality programs such as Six-Sigma are destined for failure without system or culture alignment. Your management tool kit for sustaining results includes performance management processes, rewards, and recognition, systems, training and communication.

Strategic thinking is a complex, sophisticated and necessary process for all organizations. Although it takes time and money to develop organizational competency, the risks are very high for organizations that lack planning expertise. Investing in the strategic thinking skill development of executives and development candidates is a good insurance policy for sustainable success.

About The Global Executive Development Group (GlobalEdg)

GlobalEdg is dedicated to accelerated development of leaders in high performing cultures. By partnering with GlobalEdg's experienced consultants, your organization will grow its leadership capacity – resulting in highly engaged employees who produce results better, faster, and more efficiently.

GlobalEdg's methodologies and tools are used by leaders in many of the world's most successful companies. We teach organizations how to integrate these proven best practices into the way they work. Our “**Leaders Teaching Leaders**” methodology is a collaborative model. Working with your internal resources, we co-create a plan for transferring the technology for long-term sustainability.

Our Mission

To enable leaders to create high-performing organizational cultures in which people see true value and meaning in their work ... And deliver meaningfully improved business and individual results.

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