



5 THINGS WE THINK WE KNOW ABOUT STRATEGY—AND WHY WE'RE WRONG

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“Strategy” is one of those words that we toss around carelessly but don’t often stop to think about in any deep way.

The word comes from the Greek *stratēgia*. Its original meaning was “general-ship”—that is, the way in which a military general went about his work while in battle. To simplify matters greatly, it conveyed the thought process of a general making decisions on how to deploy resources (troops and equipment) to meet a particular goal or objective.

Skipping forward a few millennia in our history books, we find our next “point of interest” in World War II. A world war presented a more expansive task, but in some ways not that different: how should the Allies’ leaders arrange the troops at their disposal—where, when, how many—and what weapons, vehicles, and so on did they need? D-Day’s “Operation Overlord” is still an outstanding example of mastery of these variables. General Dwight D. Eisenhower and his colleagues developed and executed a strategy that marked the beginning of the end for the Nazis, as the Allied troops landed in Normandy and began a slow but effective movement through France and then eastward toward Berlin.



Once the war was over, these leaders and the thousands of men under their command headed home. In the US, many went to college under the GI Bill and then found their way into the big names of American business, including General Electric, Chrysler, AT&T, Procter & Gamble, IBM, and so on. It wasn't long before their military experience began to leave its mark on the way they approached their work. How, they asked themselves, could they take the people, raw materials, and equipment at their disposal and put everything into its rightful place to meet a given quarter's/year's revenue or profit targets? Sure enough, this kind of disciplined planning and execution paid off for both the executives and the companies.

Soon, business schools picked up this new theme. Coursework on “strategic planning” and “strategic management” became part of the standard curriculum for students, and for leaders who had missed out in their own academic preparation, “executive education” courses and seminars filled the gap. America was riding a wave to unprecedented prosperity—thanks in part to this new, scientific approach to management.

Until it wasn't—as globalization and 24/7 connectivity took hold in the 1990s and irreversibly changed our economy.

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What confronts us today

What challenges are you facing as the leader of a company, organization, or community? Accelerating innovation? Disruptive technologies? Climate change? Health inequalities? Attracting and retaining top talent? Economic stagnation? Each of these problems is part of a complex adaptive system—no one individual or organization has the solution. Even Eisenhower would not be able to create a plan that would address any of these issues effectively.

In other words, our world has changed remarkably in the past 30-40 years. Consider the most recent “Mindset Survey” by Beloit College. Each year, the college issues a report on the ways in which the incoming crop of 18-year-old college students see the world. The 2018 report (on the class that will graduate in 2022) included these distinctives, from the significant to the (possibly) silly:

- They have always been able to consult Wikipedia.
- The Prius has always been on the road.
- A visit to a bank is a rare event.
- Films have always been distributed on the internet.
- Oprah has always been a magazine.

There’s an item not on this list, but one that we suspect could be—within the next few years:

- Strategic planning has always been an ineffective tool to lead an organization.

Don't believe us? That's the finding of the consulting firm McKinsey, which posits that up to 70 percent of strategic plans fail.

The venerable institution of strategic planning is long overdue for at least a major overhaul, if not outright replacement. Consider your own experience with strategic planning—whether in your business, a non-profit organization, a community group in which you participate.

We work with groups of all sorts, shapes and sizes: community organizations, regional collaborations, companies, university administrators and faculty—even governmental officials. We believe strongly in the power of questions, and sometimes we start our sessions with two of them:

“How many of you have been part of a strategic planning committee?”

Many if not most of the people in the room raise their hands and (often) exchange wry glances.

“How many of you enjoyed it?”

All of the hands go down.

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While the specifics may vary depending on the group, the common thread we hear is disappointment (if not outright resentment). We have all spent hours in planning meetings, often over several months. Many times, we've put our hopes and dreams for an organization or our community out on the table for everyone to see. We've wrangled over wording, debated trade-offs, tried to tease out the distinction between a goal and an objective. We've released the final plan with confident pronouncements about our future direction.

And yet. Far too often, the payoff for our efforts is a beautifully-designed binder sitting on a shelf, left untouched. The environment keeps changing, but we continue to do what we have been doing. At best, our strategic planning process devolves to a rote budgeting exercise. At worst, our strategic initiatives wither for lack of engagement. Our plan has become part of the 70 percent that fail.

We learn the hard way that the plan itself has no power to change anything. Sometimes it even does harm, because the goodwill of those who helped create it was squandered. When the next planning cycle comes around (and somehow, it always does) they are less willing to extend themselves, to trust in the process, to invest their time and emotional energy.

Five Fallacies about Strategy (as we think we know it)

There are some corollaries to the idea that strategic planning is the way to make things happen. We're highlighting five of the most common in this manifesto. They're so common in our thinking that we can't imagine working without them. But they're wrong—perhaps not all of the time, but (in our experience) often enough that we should set them aside.

Fallacy 1: We have to get everyone to the table.

Particularly for those of us in the non-business sphere, this principle is engraved in stone. Who are the stakeholders? How do we get them all in on the conversation? Who's missing? We need to make sure we've got this very first step right before we can move any further.

Don't misunderstand—we believe deeply in true inclusion. But too often, inclusion is a matter of checkboxes—do we have a “representative” from each category?—whether the categories are based on geography, gender, ethnicity, sector, or some other factor. We're also often thinking about who might complain the loudest if they're left out. The problem is right there in that word “stakeholders.” What's a stakeholder? Quite literally, it's someone with a piece of territory that they have gained or claimed, that they naturally want to protect.

No wonder we have trouble facing complex challenges together—we're all too busy defending our stakes. What if we replaced that word “stakeholder” with a different idea, a “network shareholder,” and asked “Who is willing to invest (be it with money, connections, time, or skills) in a new future together?” We can be radically inclusive, in all of those categories and more—but those who only want to complain, not invest, don't automatically get a seat at the table.

Fallacy 2: We have to understand the problem to solve it.

We wouldn't go to a dentist that didn't understand the way our teeth work, nor would we hire an engineer who didn't have a firm grasp on mechanical principles. So, don't we need to understand our problem in order to solve it?

The field of complexity theory gives us a number of helpful concepts to examine this fallacy. One of the most useful is a taxonomy created by Sholom Glouberman and Brenda Zimmerman, in which problems are sorted into the categories of simple, complicated, and complex. Baking a cake is simple—one need only follow a recipe. Sending a rocket to the moon is complicated—

a team of people with various kinds of expertise, using problem-solving strategies and the laws of physics, can accomplish the task, given adequate resources. Raising a child is complex—every child is different, as is every parent, and even with great experience and expertise, the outcome is uncertain. No one can plan their way to raising a child in advance—a truth that quickly becomes evident to new parents, even those who thought they had matters well in hand before the new arrival.

So it is with our organizational challenges—we cannot plan things out in such a way to assure success. We can plan our next steps—and maybe the next ones after that—but to spend time and effort on a 10-year plan (for example) is time and effort wasted. We may need to understand some basic principles, trends, or dynamics—but we should maintain a degree of humility that we cannot understand the problem fully, as well as confidence that we don't need to do so to begin addressing it effectively.

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Fallacy 3: We need a strong vision statement before we can develop a strategy.

When we're starting a discussion about a complex challenge, things can feel pretty messy. We're not exactly sure how to proceed—there seem to be so many different tentacles to the challenge, and even the shape of the challenge seems to shift every time we look at it.

That kind of discomfort can tempt us to fall back on old habits. One of those is the idea that a vision statement is the right place to start our work together. It feels like more solid ground at first—we've done this before. It's not until we're in our third meeting about the vision statement that we realize things aren't on the right track. We're spending all of our time arguing about word choice. We can't even decide if we need a vision statement or a mission statement—or are those really the same thing?

If the challenge ahead is really a complex one, we are not in a position to see far enough ahead to have a vision statement (pun intended). It's a waste of time at best, and at worst it's a delaying tactic by people who are happy with the status quo. Skip it. If you must, come up with something that's "good enough" for the next few months.

Fallacy 4: Complex challenges require complex strategies.

Effective strategy in "old line" companies required that two conditions be met.

First, the communication lines needed to be clear. A hierarchical structure—made most visible in the "org chart"—facilitated that communication. Everyone in the organization knew who above them would be giving directions, knew to whom below them deliverables should go, and knew to whom above them (again) they would need to communicate results. All that was needed were the physical "raw material" for the communication: telephones, fax machines, inter-office mail, carbon paper (!), etc.

Second, it was important that the environment stay more or less stable—or at least, that change be gradual, so that the leaders of the organization could adjust their directions as needed in response.

For our complex challenges, the hierarchy is no longer sufficient. Instead, we need to work in networks—whether across organizations or just across units within a single organization. It's rare that there is one person who can “call the shots.” And the environment is constantly changing—as soon as we think we have a handle on the way the system works, it changes on us.

We're tempted to think that in response to this complexity, we need an equally complex strategy. Nothing could be further from the truth. Instead, we need a few principles that we can use to navigate the complexity, seize opportunities when they present themselves, and deal with disruptions when they arise. Kathleen Eisenhardt and Donald Sull frame this apparent paradox well, calling it “strategy as simple rules.” The rules need to be tailored to key processes and are quite specific, but they should be intentionally few in number.

Fallacy 5: We all know how to collaborate; we just don't do it very well.

Operating in networks at its most basic level means that we are working alongside others to accomplish a task, in a more-or-less voluntary fashion. The word we commonly use to describe this kind of endeavor is “collaboration.” Yet, we've found that we use the word to describe a startlingly broad range of behavior. Meeting together to share what's happening in our respective spheres is collaboration, isn't it? What about dividing up a pot of money for a project? How about getting everyone on a digital collaboration platform? Oh, and don't forget about open office designs. Well, it turns out that none of these examples represents collaboration, at least not the way we define the term.

Leaders need to get much more specific about what we mean by this word “collaboration.” To address complex challenges, we need to get far beyond sharing information or money, far beyond dismantling our cubical dividers. We need to be co-creating new value together, enhancing one another’s capacity, and developing (not just tapping) new resources.

Most of us don’t know how to do this kind of collaboration, at least not in a reliable, repeatable way. We have acquired a set of learned behaviors over our professional lives that work for less intensive work together, but don’t equip us for more meaningful efforts. The good news is that there is a set of skills that can be deployed to bring about just this kind of creative co-laboring to address truly complex challenges.

So what do we know?

Over the past twenty years, we’ve jettisoned the traditional strategic planning process in favor of something that looks and feels very different. It’s focused on a set of ten skills that allow a group to quickly focus on a complex challenge, decide on a measurable outcome, and begin working together—with the understanding that because the challenge is complex, the group will learn as it goes and will adjust its efforts as they learn. Taken together, the skills comprise what we call “agile leadership.”

Why? Because we know this: The future is about complex ways of thinking, complex ways of doing; it is about collaboration and our collective capacity. It requires an entirely different approach to strategy and leadership.

A few years ago, we gathered to reflect on the work we'd done and to tease out four foundational lessons. We call it our credo—or, if you like, a manifesto:

We believe we have a responsibility to build a prosperous, sustainable future for ourselves and future generations.

The challenges we face are immense: climate change, opioid addiction, growing economic inequality, technology advances such as artificial intelligence, hollowed-out cities and disappearing rural towns. They are what Horst Ritter and Melvin Webber call “wicked” problems—our knowledge is incomplete and/or contradictory, and the environment is constantly changing. We feel deeply inadequate in the face of such problems. And yet—if not us, who? We're involved with groups working on teen homicide and water poisoning (Flint), opioid addiction (Indiana, Colorado, and Ohio), rural economic distress (Western Kansas), economic development that's NOT about attracting big box stores (Milwaukee), rural entrepreneurship (Muscle Shoals). Our community includes people from companies, universities, and anyone else who wants to find a different way to work together.

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such problems. And yet—if not us, who?

No individual, organization or place can build that future alone.

For most of us, when we hear the word “leadership” we think of a single individual who has been influential in our lives—a mentor, a coach, or a well-known public figure. But this paradigm of solitary leadership needs to give way to a model in which leadership is a shared characteristic of a team. Many of the most effective teams we know of answer the question “Who’s the leader?” with “No one,” or, better yet, “We all are.”

Open, honest, focused, and caring collaboration among diverse participants is the path to accomplish clear, valuable, shared outcomes.

As a starting point, we must create a space in which we can have transparent and candid conversation. With that starting point, we can use our full set of leadership skills, nurturing true partnership that brings about transformation in organizations, companies, and communities.

We believe in doing, not just talking—and in behavior in alignment with our beliefs.

Each of us has spent far too much time in meetings that may have been full of good strategic thinking, but that ultimately never went anywhere. This final part of our credo is our commitment to one another to take action, through a corporate discipline of developing shared action plans with an accountability structure to ensure implementation.

Everyone can learn to be an agile leader. We can all shift to a new way of thinking, behaving and doing by applying the ten skills of agile leadership. We can design and bring to life true collaborations focused on iterative learning and action. **When we do, our teams can successfully address our toughest challenges, be they in our companies, organizations, institutions or communities.** 📌



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