

Haines Centre Series on Business Excellence

# REINVENTING STRATEGIC PLANNING

*The Systems Thinking Approach®*



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with **James McKinlay**

## Chapter 17

### Getting Started: Options

*"Just because we cannot see clearly the end of the road, that is no reason for not setting out on the essential journey. On the contrary, great change dominates the world, and unless we move with change we will become its victims."---John F. Kennedy*

#### Starting at Phases A,B,C – OR – D and –E

The real key to a true systems model is not its A,B,C,D,E, phases or even its ten progressive steps. It is the circular nature of a system – and systems thinking – that is the key to its use in a very personal, practical, and flexible way. Another way to visualize it as a yearly circle is Figure 17.1. Organizations need this *Systems Thinking Approach<sup>SM</sup>* to a **Strategic Management System with a Yearly Cycle** in order to become a High Performing Organization (not just a Budgeting Cycle).

#### “We Now Need A Strategic Management System”

I need to stress at this point that an effective management system is more than just the sum of the parts...it is a set of integrated policies, practices and behaviors.

Sometimes having a good management system is confused with having high-quality employees. This is a mistake—the two are quite different in some important ways: having high-quality employees does not assure an organization of having a sustainable competitive advantage or even a short-term advantage.”

—Edward J. Lawler III  
*The Ultimate Advantage:  
Creating the High-Involvement Organization*

The definition of a Strategic Management System is:

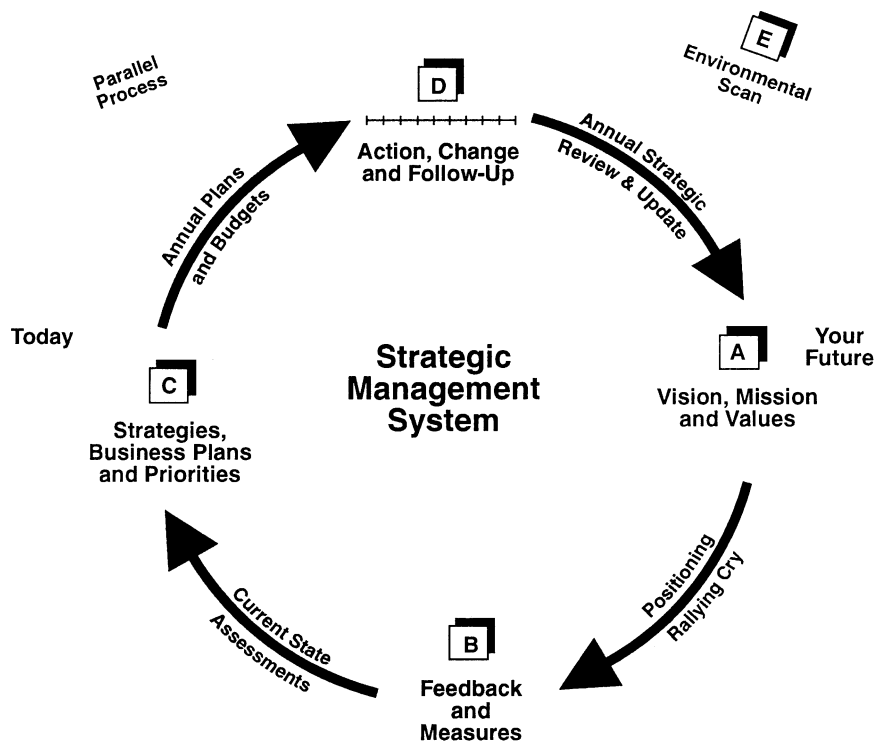
- A comprehensive “system” to lead, manage, and change one's total organization in a conscious, well planned out, and integrated fashion based on our core strategies—and using *proven research that works*— to develop and successfully achieve one's ideal future vision.
- *The new way to run the business* — i.e., “We manage our business in a systematic way based on our strategies

- The method: interactive and participative

“People support what they help create” — a basic truism.

A  
**Strategic Management System**  
 is  
*The imperative for survival*

**YEARLY STRATEGIC MANAGEMENT CYCLE**  
 Using the Systems Thinking Approach <sup>SM</sup>



**"Thinking Backwards to the Future"**

Figure 17.1

The five-phase Systems Thinking Approach<sup>SM</sup> (and Reinventing Strategic Management model) enables you to easily tailor your

application to your own needs and current situation. *With the systems approach, you can begin strategic planning and change at any of its five A,B,C,D,E phases.*

In other words, if your organization has already developed its vision, mission, values statements (Phase A), you can begin your planning process by shaping organizational Key Success Factors (Phase B) – and go on from there.

Or, if you have a complete Current State Assessment and have already developed your strategies, you can start your full planning process at the three-year business plan stage – or during annual planning and budgeting (end of Phase C).

This Systems Thinking Approach<sup>SM</sup> is not one of those processes where you have to drop everything you've done and are doing and start from scratch. The major benefit of this Systems Thinking Approach<sup>SM</sup> and model is its flexibility. Whether you're a step ahead with certain portions of the planning process, have never done any of the planning elements, or are in the midst of Value-Chain Management or other large-scale change efforts, the Reinventing Strategic Management Model – with its Systems Thinking Approach<sup>SM</sup> – will adapt itself to your unique situation.

In general, there are five different options on how to begin this curricular process. While we've described them all before, this chapter is meant to help you pull all this information together so you can get started on creating your customer-focused, high performance learning organization via a strategic management system...no matter where you are today.

### **Option #1) Plan-to-Plan**

If you have never conducted a full-scale strategic planning and change process, this is the best starting point for you. The Plan-to-Plan step exists as a way to engineer success up front, before getting into the actual development of your strategic planning documents.

Failed strategic planning can often be ascribed to the lack of advance or pre-planning. This is why our Reinventing Strategic Management Model incorporates the Plan-to-Plan step – it is the educating, organizing, and tailoring step, involving pre-work on developing appropriate organizing tasks – as such, it is vital to success. There are nine potential tasks listed here:

### **“Engineer Success Up Front” (The Bottom Line Of “How To Begin)**

The Strategic Planning Key Tasks of both Plan-to-Plan and/or Plan-to-Implement (Steps #1 or #8)

*Instructions:* How important are these to do before beginning? (H–M–L)

- \_\_\_\_\_ 1. Conduct a **Mini Organizational/High Performance Survey**.
- \_\_\_\_\_ 1a. Conduct a **Strategic Business Design Assessment and Recommendations**
- \_\_\_\_\_ 2. Establish and train your “**Internal Support Cadre**” in strategic management support/facilitation. (Process/Structure)
- \_\_\_\_\_ 3. Conduct **Executive Leadership Skills Development** so each executive has the capacity to lead strategic change.  
i.e., See 6 Core Competencies of *Centering Your Leadership*, such as:
  - Self-mastery — Level #1
  - Interpersonal skills — Level #2
  - Team skills — Level #3
  - Across functions — Level #4
- \_\_\_\_\_ 3a. See **Learning Possibilities** during Strategic Planning
- \_\_\_\_\_ 4. **Conduct Executive Team Building** to enhance your effectiveness to plan and work together to successfully implement your plan while dealing with the difficult issues of revolutionary change
- \_\_\_\_\_ 5. **Conduct a Plan-to-Plan or Plan-to-Implement Day:**  
AM: Executive Briefing on Strategic Planning or Strategic Change — The “Educating” Task  
PM: The Strategic Management “Organizing” Tasks
- \_\_\_\_\_ 6. Decide on middle manager's “**Management Development**” as well
- \_\_\_\_\_ 7. Conduct **Strategic Life Planning** (personal vision, values, etc.) before beginning (for either individuals, couples, teams, families, etc)
- \_\_\_\_\_ 8. Conduct **Market Research** to better understand our customer's wants and needs vs. World-Class Star (□) Results.
- \_\_\_\_\_ 9. Reexamine all your **HR/People Management Practices** to enhance “people as our competitive edge.”

*Then, and only then, begin Strategic Planning or Strategic*

### **Option #2) Plan-to-Implement**

If you have already completed your strategic plan, but need to bridge the gap between planning and implementation, this is the perfect starting point. It's where Goal #2 – ensuring successful implementation of your strategic plan – comes in.

The Plan-to-Implement step is about getting educated on the issues of change, and to complete a set of organizing and tailoring tasks, much like in the Plan-to-Plan step. The main difference between the two is that Plan-to-Implement is focused on the process of 'educating and organizing' to manage the implementation of the strategic plan. (For further detail on this step, refer to Chapter 13.)

### **Option #3) Some 'In Process,' Join-Up Points**

As I mentioned earlier, when looking for the best place to begin building your strategic management system, it's always best to start 'wherever you are today.' Thus, with a circular systems model, you just literally 'join up' to the model right where you are, and carry on from there. The options open to you include:

- Conducting an Annual Strategic Review & Update as your starting point – then proceed based on the recommendations/decisions from this audit.
- Conducting just the phase you need right now, such as visioning, measurements (Key Success Factors), or core strategy development – then put in a Strategic Change Steering Committee to guide implementation.
- Conducting a pilot strategic planning process for a SBU or Major Support Department. Use it to learn and to develop an internal cadre.
- Conducting annual planning via your core strategies/goals. Set the top three action priorities for each core strategy as the glue and organizing principles for all annual plans.
- Conduct large group reviews on annual department plans, then conduct a strategic budgeting process.
- Beginning with a strategic budgeting process.
- Finishing your budgets, then set up strategic change project teams on large, cross-functional issues. (Or, you can set up a full Strategic Change Steering Committee to guide the overall desired changes.)
- Setting up a Strategic Change Steering Committee to guide and coordinate large-scale change (i.e., TQM, business process re-engineering, etc.) that is already in existence.
- Setting up Strategy Sponsorship Teams for each core strategy, to guide and report on successful implementation.

Using the Systems Thinking Approach<sup>SM</sup> enables you to begin your implementation from your current situation, not some distant, rigid starting point. In a sense, it lets your situation decide *for* you. It takes you from wherever you are, and moves you into your desired changes without sacrificing your daily business operations. Instead, over time, your strategic planning and desired changes will guide your day-to-day operations.

#### **Option #4) Some Educational Ways to Begin**

In order to initiate an optimal Strategic Management System, you need some initial staff training. Again, there is no set rule for the amount or type of training you'll need to do before beginning – it's up to you to tailor training in a way that best fits your organization's particular needs. If you do decide you need management training, there are a number of possibilities, including:

- Having internal staff trained and licensed to facilitate the systems thinking approach to the Reinventing Strategic Management process.
- Having internal staff trained and licensed on **Reinventing Strategic Planning** and **Mastering Strategic Change**.
- Conducting a **Visionary Leadership Practices** workshop to kick-start your strategic planning.
- Training senior and mid-level management in these Systems Thinking Approach<sup>SM</sup> concepts through a two or three-day workshop, introducing the Reinventing Strategic Management Model.
- Hold an annual management conference – keynoted with a presentation on strategic planning and change – using the four-color handouts and summary article on 'The A,B,C's of Strategic Management.'

#### **Option #5) Learning and Applying Strategic Management Concepts**

The Centre's Strategic Planning framework and practice have been completely "*reinvented*" from a ground zero, research-based, blank sheet of paper

As a result we require all of our Strategic Planning participants to read one of our books about this process and learn it in detail. This is the most effective way for each of you to internalize strategic management and your organization to institutionalize our copyrighted "**Strategic Management System**".

As part of this process, you will need to purchase this book for each participant. It covers every step of this copyrighted "System" in detail. Then,

you can jointly with the facilitator set up a customized reading schedule using the chapter listing as a starting guide.

### **Crucial Support Needed to Be Successful**

Obviously, the implementation of your strategic plan won't amount to a hill of beans if you don't plan realistically for just how much support – in terms of people, time, and money – is required. Following is a checklist of all the elements you'll need as the support necessary to success:

#### ***Senior management's active commitment***

More than half of the strategic plans that fail do so because commitment from the top is either sporadic or half-hearted. If you desire a strategic planning and change process that is successful, you'll need a firm consensus and active commitment from your top management. Senior executives *must* play an interactive, visible role – not only in initiating the strategic plan, but also in following it through...all the way.

#### ***A trained internal support cadre***

*After* you've initiated your strategic planning and change process is not the time to decide what kind – or how much – staff support you'll need. If you'll need clerical or administrative support, coordinators and liaison personnel for Key Success Factors, strategy implementation, Strategy Sponsorship Teams, and Strategic Change Steering Committees, it must be determined, and assigned, beforehand.

#### ***External facilitator***

You'll need to determine whether you have qualified facilitators that can take your organization through the entire strategic planning and change process. This is an easy spot to quickly get into trouble – the scope of knowledge needed throughout this process is great enough to require training specific individuals to be global, organization-wide facilitators.

If you choose to go this way, the training time required is often substantial enough to negatively impact the original timeframe of your strategic plan. For this reason, many organizations choose to use an external strategic planning and change management expert. Though you'll ultimately revert to internal facilitators, a professional consultant/facilitator can go a long way toward saving money and time.

#### ***Budgeting and resource allocation***

In order to effectively manage any transition of change, you need resources – both people and money. Look at every activity required by your strategic planning and change process, including:

- Strategic Change Steering Committee meetings



- 'Mastering Strategic Change' workshop
- Key Success Factor/Goal tracking
- Communications and rollout
- Skills training (leadership/change management)
- Training of overall manager/coordinator/internal facilitator
- External facilitator/consultant
- Business unit planning
- Key stakeholder meetings
- Environmental scanning system
- Rallying cry project
- Cultural audit (organizational diagnosis)
- Yearly Follow-up Strategic Management System Review
- Strategic change projects (Vital Few Leverage Points for Change)

Identify and allocate all the resources you'll need for these elements (including who is responsible to supply them), and budget how much you'll need for each one.

### ***Project planning/Yearly Comprehensive Map***

The best way to keep track of what activities you'll need in your change process is to create a Yearly Map – a specific, 'by the numbers' implementation process that is visible, easy to track, and follow.

Developing this tangible list of those things you'll need to do in the next twelve months gives you a quick and easy checklist.

### ***Creating a critical mass for change***

Holding to the 'people support what they help create' theory, creating this critical mass is probably the single most effective way to guarantee the success of your change process. It does, however, require a substantial, ongoing investment of time and energy, so be prepared to commit to it and anticipate it. (See Chapter 13 for full details.)

### ***Capacity-building***

Another, more subtle spin on 'creating a critical mass for change' is something I call 'capacity-building.' This is about building a leadership within your organization that has the capacity to lead, guide, and complete the strategic planning and change process to the benefit of the organization. Having the range and depth of leadership that can see this type of long-term process through is crucial to your success and growth...remember, it's the only true competitive advantage you have.

Lastly, when you've identified the resources and personnel needed to complete a successful strategic planning and change process, be sure to include them in your budgeting process. ***Neglecting this has a tendency to translate throughout the organization as a failure to view this process as an organizational priority.***

## Putting It All Together – The Systems Thinking Approach<sup>SM</sup>

*"Strategic planning and strategic change management are really 'strategic thinking.' It's about clarity and simplicity, meaning and purpose, and focus and direction."*

Throughout this book, you've often heard me comment on the contrast of 'analytic thinking versus true systems thinking.' Until relatively recent years, analytic thinking – that of breaking the problem or issue down into its individual parts, then problem-solving each part separately – held sway as the traditional approach to strategic planning. See the different mental maps listed here in figure 17.2

Which is it for you?

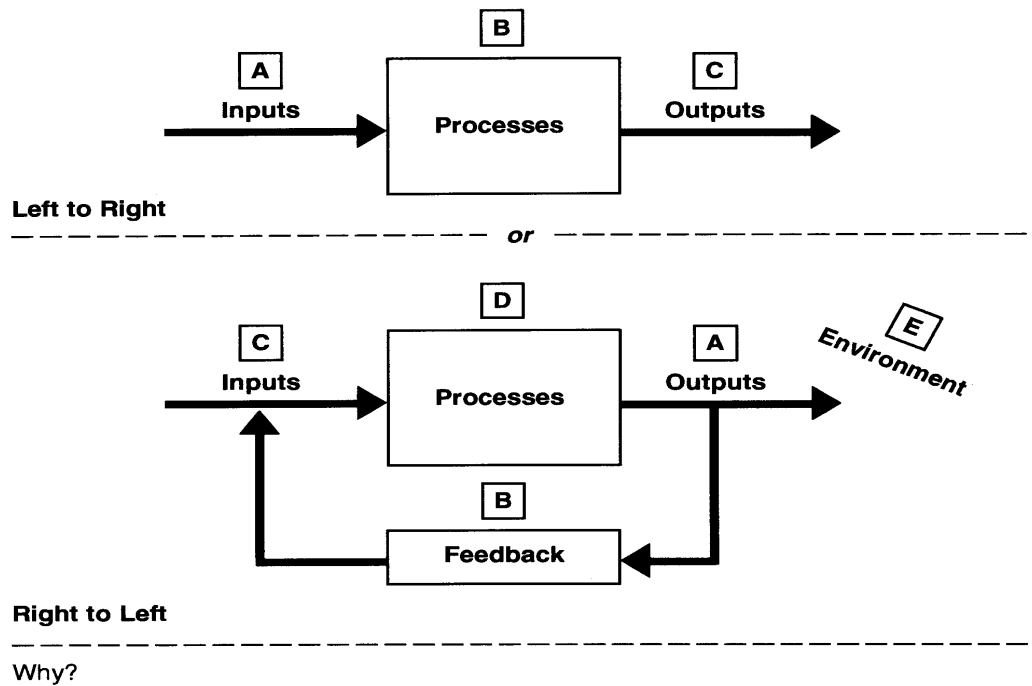


Figure 17.2

The problem with this approach was that starting only with today's issues and problems – then breaking them down into their smallest components and solving each component separately – had no far-reaching vision or goal. Low interaction existed between departments; therefore, no critical mass for change existed, and change quickly deteriorated as a priority.

More recently, organizational development is beginning to combine these previously separate parts into solutions, moving toward what I call 'partial systems thinking.' The partial systems approach is certainly an improvement over strictly analytical thinking, because it's at least the *beginning* of continuous improvement and integrating 'X' with 'Y.'

However, it tends to eclectically gather together a piecemeal list of parts based on the latest planning fad, such as restructuring, decentralization, TQM, etc. And, the resultant problem with any of these fads is that they create a 'what you see depends on where you sit' environment – you rarely end up trying to solve an overall, truly inclusive set of problems within the context of a shared collective vision.

Past, present, or future planning and change fads simply don't enter into true systems thinking. In the Systems Thinking Approach<sup>SM</sup>, the only element you focus on is the system that makes up your organization. From General Systems Theory, we know that a system cannot be understood by analysis, but only by synthesis, looking at it as a whole within its environment.

With this approach, you shape your organizational system into a customer-focused, market driven organization – using the *Organization as a System Model* to check every change for system's fit, alignment, attunement, and integrity. To truly manage strategically, you not only need a strategic plan – you must install a strategic change management system to guide its implementation, as well.

With its three Strategic Management goals:  
#1) developing a strategic planning document and  
#2) ensuring its successful implementation  
#3) building and sustaining high performance  
– a Strategic Management System provides a practical, three-part/three-goal, systems thinking approach for changing the way you run your business day-to-day...  
...with the overall goal of creating (i.e., design, build, and sustain) a customer-focused, high performance learning organization of your own.

The key to succeeding is the ability to bridge the gap from Goal #1 to Goal #2. Typically, it is at this point where most plans fail. Within the Reinventing Strategic Management Model, however, this is achieved through the very crucial Step #8 – Plan-to-Implement – and the **Mastering Strategic Change** Workshop simulation. This is particularly unique to the Reinventing Strategic Management Model – no other planning models include such detailed systemic change implementation steps.

Another key to long-term success is the Annual Strategic Review & Update (Step #10). Rather than limiting your organization to just a yearly independent financial audit, you need to also conduct a yearly follow-up to diagnose the overall success of your strategic plan's implementation

and change process. (Also, be sure to recycle your strategic plan and its annual priorities at this time.)

The final key to long-term success is increasing the range and depth of your leadership practices, including the skills of trainer/coach/facilitator (see the **Visionary Leadership Practices** workshop, among others). And remember, it's the only competitive business advantage for any organization over the long-term.

The Reinventing Strategic Management Model is also unique in its three main premises – which incorporates both our three Seemingly Simple Elements and three Right Answers:

**Premise #1:** Planning and change management are a part of leadership and management.  
*(Right Answer #1: Install a strategic management system as a new way to run your business day-to-day.)*

**Premise #2:** People support what they help create.  
*(Right Answer #2: Create professional management and leadership practices.)*

**Premise #3:** Use systems thinking to focus on outcomes; serving the customer.  
*(Right Answer #3: Create a customer-focused, high performance organization.)*

With a Systems Thinking Approach<sup>SM</sup>, your planning encompasses the entire system which defines your organization. Using a systems approach in your planning and implementation enables you to 'think strategically and systematically' about the overall changes you need and desire – without compromising those day-to-day activities you need to keep successful.

Systems Thinking is based on the theory that a system is, in essence, circular. Using a systems approach in your Strategic Management, therefore, provides a circular implementing structure that can evolve, with continuously improving, self-checking, and learning capabilities (remember the feedback loop – the essence of the Learning Organization?).

In systems thinking, you no longer have to worry if you can't constantly be vigilant, watching over each and every step of the implementation process on a day-to-day basis. Simply put – if you've followed the systems-based Reinventing Strategic Management Model correctly – you

already have a system of monitored activities in place, with ongoing, positive checks and balances.

However, keep in mind that there are seven deadly sins of an ineffective Strategic Management System to stay away from.

### **Not So Fast:**

#### **(Seven Deadly Sins of Ineffective Strategic Management System)**

<b>E</b>	Lack of:
#1	Environmental Scanning (Step #1) <ul style="list-style-type: none"><li>• Full Day Session</li><li>• SKEPTIC-Prewrite/System</li></ul>
<b>B</b>	#2 Feedback Loop/Success Measures (Step #3) <ul style="list-style-type: none"><li>• Subgroup Work</li><li>• Measures for Customer/Employee/Business Units Success</li></ul>
<b>C</b>	#3 Current State Assessment (Step #4) Day <ul style="list-style-type: none"><li>• Marketplace Information</li><li>• Organization Assessment and Design</li><li>• Creating the People Edge<sup>SM</sup></li><li>• Middle Management SWOT</li></ul>
<b>C</b>	#4 Large Group Annual Department Plan Reviews (Step #7) <ul style="list-style-type: none"><li>• One Day Meeting</li><li>• Review All Plans Interactively</li></ul>
<b>D</b>	#5 Plan-to-Implement (Step #8) <ul style="list-style-type: none"><li>• One Day Session</li><li>• Complete All Tasks</li></ul>
<b>D</b>	#6 Follow-Up Tracking and Reporting Regularly <ul style="list-style-type: none"><li>• Leadership Steering Committee</li><li>• Strategy Sponsorship Teams</li></ul>
<b>C</b>	#7 Three Year Business Plans <ul style="list-style-type: none"><li>• SBUs/MPAs</li><li>• Major Support Functions</li></ul>

### **Focus - Focus - Focus**

As in any ongoing activity, the key to successfully implementing your strategic plan will lie in whether you choose to focus on the 'trivial many' or the 'vital few.' As described in earlier chapters, the following Vital Few Leverage Points came out of ours and others extensive best practices research, including:

### **Best Practices Research**

- Successfully developing and deploying your strategic plan
- Being a customer-focused/market driven organization
- Increasing your range/skills in leadership and management practices (including all key Human Resource Management practices)
- Eliminating waste through customer-focused TQM/business process re-engineering/Value-Chain Management
- Redesigning your organization's overall design to fit/compliment the customer-focused desired positioning

Ask yourself how your organization compares to these best practices.. The answer will quickly show you some success strategies for the next three to five years. You will have to work on some aspects of changing your organizational culture and capacity building to fit your ideal future. And, you will definitely need both discipline and persistence. Yes, you will have to make tough choices to reach your vision...but it *can* happen.

In addition to discipline and persistence, however, you'll also need to focus – particularly when it comes to those tough choices. To successfully implement your organization's version of the Reinventing Strategic Management Model, you'll especially need to focus on each step along the A,B,C,D,E way, including:

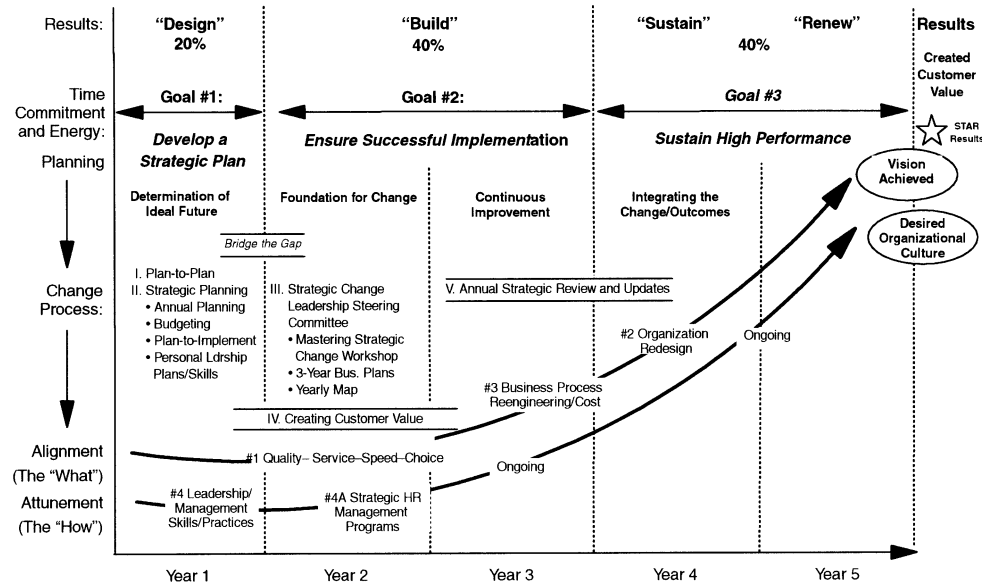
### **Focus--Focus--Focus**

- What is your mission? Who do you serve?
- What are your *core* values? (Limit them to those most dear to you.)
- Do you have 10 (or fewer) *prioritized* Key Success Measures/Goals?
- Have you developed a small number of shared *core* strategies, with 3 annual priority actions attached to each? (Keep the number of core strategies small, with 'from-to' clarity on anticipated changes.)
- Have your annual plans been formulated under the umbrella of your core strategies/action priorities as the glue and organizing principles?
- Do you have your budget in place, based on your Strategic Action Items (i.e., the top three priorities for each core strategy)?
- What about your three-year business plans to focus each business unit/major support department (again, under the same umbrella)?
- Are your performance appraisals focused on evaluating everyone against your core strategies (results) and core values (behaviors)?
- Have you shaped priority agendas for both 1) the regular Strategic Change Steering Committee and 2) the weekly Executive Staff Meetings using the Key Success Measures, as well as the core strategies (with their top 3 action priorities) as primary agenda items?

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## HOW TO DESIGN, BUILD, AND SUSTAIN A CUSTOMER-FOCUSED VALUE-ADDED HIGH PERFORMANCE ORGANIZATION

(The Systems Thinking Approach<sup>SM</sup> to Creating Customer Value)



**"A Multi-Year Strategic Management Systems Solution to Creating Your Ideal Future Vision"**

design pre

As the graphic above illustrates – with a sense of integrity and a commitment to focus, discipline, and persistence – you *can* design, build, and sustain a strategic management system to serve as the foundation that leads to the achievement of your customer-driven, high performance organization. It may take 3-5 years or more, but it can be done...even in today's dynamic and revolutionary, globally changing environment.

### Checking "Strategic Consistency & Operational Flexibility"

Today's turbulent environment can constitute a threat to even the most solid strategic plan. The Systems Thinking Approach<sup>SM</sup> outlined in this book contains a number of elements that will help you ensure the strategic consistency of your plan, while maintaining the operational flexibility needed to secure its commitment and its implementation.

Answer these questions to determine how proactive you are in '*strategic consistency*':

### **Strategic Consistency**

- Have you developed a strategic plan to create your ideal future the way *you* want it to be (vs. others forcing a different future on you)?
- Is it now a shared vision?
- Are you using the strategic plan – with its Key Success Measures/ Goals and core strategies – to pursue your vision with strategic consistency, year after year?
- Have you put in place a Strategic Change Steering Committee to manage the overall changes necessary to achieve this vision?
- Are all major changes going on in the organization under its guiding umbrella...or do you 'plan on the left and manage on the right'?
- Have you anticipated possible future changes or needs by installing an ongoing environmental scanning system and/or contingency plans?
- If – during your yearly review – you find your strategic plan to be no longer viable, are you prepared to redo it?

And, lastly, review these points to determine the degree of your organization's 'operational flexibility:'

### **Operational Flexibility**

- Have you put three-year business plans in place to ensure that: 1) your Strategic Business Units/Major Program Areas have their own specific plans based on your overall strategic plan, and that 2) your organization is planning closer to where competitive actions occur?
- Do you have annual department plans in place for all your units that are participatively developed, yet organized around your core strategies and top action priorities?
- Are you firmly committed to ongoing Strategic Change Steering Committee meetings? Have you discussed how the organization will handle any developments that result from these meetings?
- Are you also committed to Annual Strategic Reviews (& Updates), to keep the flexibility you'll need?
- Will you continuously focus on all the Vital Few Leverage Points for Change over the next few years...even if they're done more or less sequentially?
- Have you committed to improving your range and depth of leadership practices (from the top down)?

Once you've checked, prodded, and poked your Strategic Management System for its strategic consistency and operational flexibility, you've done everything you can – now it's a matter of follow-through, persistence, and firm commitment to your organization's integrity in pursuing your Ideal Future Vision. While we do live in the real world – and acknowledge that we will not achieve perfection – I can guarantee



you will come much closer to it by following this strategic management system. Always, *always* remember, though, no matter how proficient you become in the processes of strategic planning and implementation, *it won't go far without both discipline and persistence.*

And, to summarize this entire book in a Simplicity on the Far side of Complexity see Figure 17.3

### **Strategic Change Management: It's Simple (Once You Use The Systems Thinking Approach<sup>SM</sup>)**

#### **The three keys**

#### **1. Have a Shared Direction and Positioning**

##### **A. Develop a Strategic Plan**

- need a shared vision, values and core strategies with clear future Positioning
- develop clear and focused organization-wide Action Priorities for the next year

##### **B. Develop Buy-in and Stay-in to the Plan**

- communicate – communicate – communicate (stump speeches
- involvement – participative management – and WIFFM

#### **2. Have a Strategic Business Design (with watertight integrity).**

##### **A. Conduct a Strategic Business Assessment and Redesign**

- to ensure fit of all the policies and parts, People System and Business Processes of the organization
- using the overall direction, Strategic Plan and positioning as the criteria

##### **B. Cascade down department work plans, budgets and accountability**

- using the core strategies, Action Priorities and redesign as the glue
- down and throughout the organization

#### **3. Implement Strategic Change (successfully).**

##### **A. Know and adhere to your roles**

- **leaders:** to focus on content and consequences
- **support cadre:** for processes and infrastructure coordination

##### **B. Build follow-up structures and processes**

- to track, control, adjust and achieve the plan and key success factor results
- to reward, recognize and celebrate progress and results

#### ***Strategic Business Design***

*“Systematic problems*

*require  
system-wide solutions”*

*"Nothing in the world can take the place of persistence. Talent will not; nothing is more common than unsuccessful men with talent. Genius will not; unrewarded genius is almost a proverb. Education will not; the world is full of educated derelicts. Persistence and determination alone are omnipotent."  
-Calvin Coolidge*

## ***It's Time for Quick Actions & Progress!!***

In lieu of the usual Re-Cap of Key Content Points and “How To” - Action Checklist, here are three more extensive 'Cliff Notes'-type pages that you may find useful:

***#1 – A Final Re-cap:  
44 Fail-Safe Mechanisms***

***#2 – A Final Action Checklist:  
Train-the-Trainer/Consultant Tips***

***#3. – A Final Review:  
The Systems Thinking Approach<sup>SM</sup>***

As you begin to create your Ideal Future Vision, use the lists on the following pages to check your current status and progress...or better yet, go over it now to see what you should begin doing immediately.

Good luck in all your efforts toward a fully integrated strategic management system that takes you where you want to go. Remember, the best way to get started is to pick a starting point and create an immediate plan of action around your desired outcomes.

***After all, strategic management is what this whole book is about...  
...planning is just the first step in good management.  
Goal #2 – successful implementation – is always the only real goal...  
...so start taking action right now as you put this book down!***

<p><b><i>#1 – A Final Re-cap: 44 Fail-Safe Mechanisms</i></b></p>
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### **CHANGE MANAGEMENT FAIL-SAFE MECHANISMS**

Instructions: Review this list and make sure you've implemented all those that you need to. Note: \*Denotes the “must do's” that are most essential to success. Actually, the more of these you set up, the higher your probability of successful implementation.

#### **Do we have these**

- \*1. Plan-to-Plan/Executive Briefing (first), and “Engineer Success”—  
three goals of a Strategic Management System

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- \*2.Parallel Process throughout the planning and implementation process (key stakeholder involvement)

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  - buy in; stay in
  - build critical mass for change, especially middle management

- 
- \*3. Two-Part Strategic Management System and Systems Thinking—a *new way to run your business*; the basics; an ongoing process

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  - \*4. Vision—mission—core values statements in usable formats; “customer-focused”

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  - 5. Cultural/values audit and the creation of a *culture change action plan*—strategic change project

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  - \*6. Core values placed on your performance appraisal form

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  - \*7. Board of Directors involvement/ownership of the strategic plan; desire to use KSFs for accountability; executive cooperation and regular status/communications to the Board

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  - 8. A crisp and clear single driving force and associated *rallying cry* that is the essence of your vision; it is the CEO's personal task to institutionalize this (“monomaniac”)

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  - \*9. Key Success Factor/Goal coordinator/cadre and reporting system

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  - \*10. Key Success Factor/Goal Continuous Improvement Matrix fully filled out with targets and measurements

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  - 11. Benchmarking vs. highly successful organizations (*best practices* research)

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  - 12. Establishment of an Environmental Scanning System (ESS) with specific accountability and feedback mechanisms

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  - 13. SWOT—staff involvement; reality check

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  - \*14. Paradigm changes to strategies (from Ü to) and a focused number of strategies

---

  - \*15. Strategic Sponsorship Teams (SST) set up for each core strategy

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  - \*16. Core strategies also used as the Key Result Areas (KRAs) on performance appraisals

---

  - \*17. Annual planning format using strategies as *organizing framework* (the “Glue”)
    - links to strategies
    - links to values MBO and individual goal setting/performance appraisals

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  - 18. Use of SBU *Proforma Matrix* to develop clear financial accountability

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  - \*19. Three-year business planning for all SBUs/MPAs to ensure clear competitive strategies; three-year business planning for Major Support Units also (by strategies)—WIIFM (especially a strategic HRM Plan for people management)

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  - 20. SBU definition to lead organization design philosophy and efforts, focused on the businesses we are in...the customers we serve...and the employees we empower to do their best

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- 
21. Development of a Priority Maintenance System to handle interruptions/new ideas and lack of focus on strategies, business, and product development
- 
- \*22. Large group annual planning review meeting (critique/sharing)
- 
23. Strategic Change Project Teams on big, cross-functional ideas
- 
- \*24. Personal Leadership Plans (PLP)/commitments developed by the CEO and top three executives of the organization; “monomaniacs with a mission
- 
25. *War Room* with all the changes and time-tables on the wall
- 
26. Contingency planning; *what if* scenarios on key probable events
- 
- \*27. Annual planning and priority setting first to drive the budgeting process (top three actions per each core strategy); looking at alternative ways to gain funds
- 
- \*28. One day offsite: Plan-to-Implement/Executive Briefing on *Change Process*
- 
- \*29. *Mastering Strategic Change* Workshop; Simulation taught to all management personnel; in-depth understanding of change management
- 
- \*30. Install 9 structures for change management, including Strategic Change Leadership Steering Committee (SCLSC) to guide
- 
- Strategic Planning implementation
- 
- all change of any nature. The goal is *System's Alignment and Integrity*
- 
- \*31. Yearly Comprehensive Map on the next 12 months' process of change management
- 
- \*32. Internal coordinator/facilitator and cadre for the change process—to support senior management
- 
33. Create a Critical Mass Action Plan to support the vision, with ongoing communications planned throughout—use the Rollercoaster of change
- 
34. A rollout/communications strategy plan and reinforcement materials (PR/HR led)
- 
35. *Organization as a system* framework (7 Track Organizational Systems Model); diagnosis and a way to ensure *System's Alignment and Integrity* to the Strategic Plan—use the Wheel of Detail
- 
- \*36. Individual goal setting by all exempt employees tied to the Strategic Plan...then a true Performance Management System used and modeled by top management as a way to manage individual performance—part of HR Strategic Planning (The People Edge) you need
- 
- \*37. A *rewards diagnosis and improvement plan* to ensure your rewards support the strategic direction (both financial and non-financial)
-

- \*38. Set up an Executive Development Committee (EDC) to manage promotions, executive hiring and succession plan, as well as development and training...all to support the vision, Strategic Plan, and core values/culture
- \*39. Creating customer value through Business Process Reengineering action plan—Strategic Change Project
- \*40. Professional Management and Leadership Practices (Strategic Leadership Development System) action plan—Strategic Change project
- 41. Quarterly follow-up meetings to the SCLSC by all departments for all employees; focus on vision, key strategies and rewards/celebrations
- \*42. Organization and job redesign and restructuring action plan to be more customer-focused — Strategic Change Project
- \*43. Creating customer value through total quality/service action plan — Strategic Change Project
- \*44. Annual Strategic Review and Update (like an independent financial audit and update of the Strategic Plan/next year's Annual Plan and priorities)

\*Note: Many, many *crucial fail-safe mechanisms*

<p><b>#2 – A Final Action Checklist: Train-the-Trainer/Consultant Tips</b></p>
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- 1) Key to facilitation is the beginning and the end of meetings.
- 2) Use at beginning of meetings:
  - Three goals/strategic management system/Rollercoaster of Change
  - Meeting norms to keep group on track; clarifying roles; 'To Do' list
  - Set up 'context' in beginning for later use
- 3) Make sure leadership roles are clear; process vs. content; 'clients get the monkey.'
- 4) The internal consultant needs a clear client 'contract.'
- 5) Clarify who is overall internal coordinator/facilitator.
- 6) Learn and use ethical persuasion to deal with conflict; how to say 'no!'
- 7) Crack down on 'I' messages; be open to responses.
- 8) Know when to confront; when to back off until step (time available and timing).
- 9) 'Skeptics are your best friends.' Use it over and over again.
- 10) Explain 'why' vs. taking positions; expand the arena of information available.
- 11) Don't lose substance in rewriting drafts.
- 12) Differentiate substance vs. word smithing in documents—focus on substance.
- 13) Thoroughness now saves time later; 'pay me now or pay me later.'
- 14) Establish a pace the whole group prefers: slow, fast, thorough, quick, etc..

- 15) Teamwork is a key by-product of strategic planning; use social styles to promote openness.
- 16) This is a dialogue and thought process at its essence; it is changing one's framework for thinking; use model/context again and again.
- 17) This is a commitment to slugging it out; persevering to get nuggets cracked open.
- 18) Facilitate in a loose/tight manner; a light hand usually works best but 'crowd control' can be key at times.
- 19) Each topic/step uses the Rollercoaster of Change<sup>SM</sup> in some way.
- 20) Build the document as you go; it is easier at the end; importance of a secretary in the room with a laptop.
- 21) At first, give the input lightly on each step; “adults learn by doing”, but set up the activity/context properly.
- 22) Give clear, written instructions (flip charts, visuals) to sum up decisions in
  - subgroup tasks
  - on goal of tasks
  - report outs/formats
  - do one first as a demonstration
- 23) Use flip charts to:
  - focus discussions
  - test conclusions
  - sum up decisions
  - it's invaluable to learn 'flip chart art' and colors
- 24) Craft the Parallel Process very carefully:
  - situational as to what, who, how to discuss with them
  - it is done at the end of each meeting
  - newsletter after each meeting
- 25) First tough choice is planning team membership (specific people) and numbers (15 maximum).
- 26) Strategy development (Step #5):
  - can be fast, due to earlier work
  - cross check with three subgroups
  - may need more content input
- 27) Be clear on Key Success Factors/Goals vs. core strategies vs. values.
- 28) Key Success Factors/Goals can have an 'ultimate' column.
- 29) Conduct early preparation of:
  - Key Success Factors/Goals
  - Plan-to-Implement
  - Current State Assessment
  - middle manager critical mass
- 30) Set up a planning/budgeting internal cadre to link all steps in the model.
- 31) Support cadre are key:
  - be in meetings with planning committee members
  - in-between meetings to ensure tasks are completed

- 32) Is client attendance required at all meetings? Watch out if leader is absent!
- 33) Be careful with adding new members to the planning team once you get started; back up/slow down.
- 34) You need Board of Directors' involvement at the 'what' level only; then approval of the rest of the plan.
- 35) Be careful with elected officials on boards; difficult to deal with.
- 36) Trust, openness, energy dictates method of work (individual, subgroup, and total group).
- 37) For tasks, subgroup selection is a strategic choice:
  - number of groups – three is best
  - use volunteers (commitment) whenever possible
  - political alliances split
- 38) Facilitating closure with large groups is extremely difficult; listen, sum up, test closure.
- 39) Discussions must be disciplined as far as thought processes go, or you'll lose control (i.e., disciplined as to model, concepts, one task at a time, terminology).
- 40) Priority setting is key to success (where to do it?); high-medium-low is categorizing, not prioritizing; forced ranking is prioritizing.

<p><b><i>#3 – A Final Review: The Systems Thinking Approach<sup>SM</sup></i></b></p>
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Most scientific disciplines are converging on Systems Thinking as a new way to think about their discipline. It includes

1. Cybernetics (Jay Forrester)
2. Chaos Theory (Jack Cohen, Margaret Wheatley)
3. Gestalt Therapy (Fritz Peris),
4. General Systems Theory(Ludwig von Bertalanffy)
5. Complexity Theory (M. Mitchell Waldrop, Stuart Kauffman),
6. Socio-Technical Systems Theory (Eric Trist),
7. Project Managers (various)
8. Information Systems (various),
9. TQM (Deming, Juran, etc.),
10. Operations Research (U.S. Navy)
  
11. Geodesic Domes (Buckminster Fuller) and lots of his other interdisciplinary works
12. Tao of Physics (Fritjof Capra)
13. Mind and Nature (Gregory Bateson)

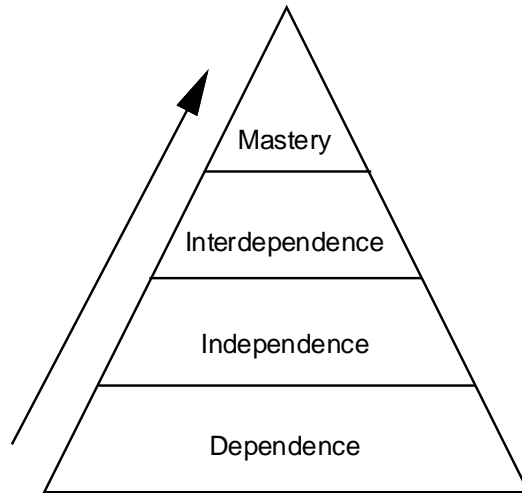


14. Systems Thinking versus Analytic Thinking (Russ Ackoff) through his numerous books,
15. The Structure of Scientific Revolution (Thomas Kuhn)
16. Organization Development (Barry Oshry),
17. Human Resource Management (Robert Brinkerhoff),
18. Biology (David Wann),
19. Physics (Murray Gell-Mann),
20. Mathematicians (Peter Senge and others
21. Astronomers,
22. Neuroscientists,
23. Philosophers (Russell Ackoff),
24. Economists (Roger Terry, Michael Rothschild),
25. Futurists (Joel Barker, John Naisbitt),
26. Educators (Richard Herrnstein and others),
27. Modern Artists (Tyler Volk and others),
28. Architects,
29. Mythology (James Moore),
30. Leadership (Warren Blank),
31. Business/Management (Peter Drucker and others)
32. Atmospheric and Oceanographic Sciences,
33. Strategic Planning (Steve Haines),
34. Government (Alice Rivlin),
35. Psychology (Steven Covey),
36. Community Development (Don Eberly),
37. Spiritual (various),
38. and many others.

**The Systems Thinking Approach<sup>SM</sup> is:**

- A new “Orientation to Life”; simplicity
- A different, better way to think
- A higher order of thinking
- An advanced way of thinking and advanced form of intelligence
- A higher intellect —more integrative of parts/more relational
- More systematic and strategic in your thinking; better diagnostic tools
- Is key to critical thinking and strategic thinking
- A macro-scientific and transdisciplinary framework; common language
- Is towards a “Unity of Science”
- Is how to: out-think...out-flank...and out-maneuver the competition

- Is the top two stages of maturity below:



**In Summary:**


- We are governed by the natural laws of life and living as open systems on earth  
—so—
- **A successful participant must learn the rules**
- Analytical thinking is old **Industrial Revolution** thinking

It is helpful to compare Systems Thinking to Analytical Thinking as in Figure 17.4

# ANALYTIC VS. SYSTEMS THINKING

## (Strategic Consistency yet Operational Flexibility)

(Outside – In – Outside Again: Both Are Then Useful)

 **Success Key: Organizational Systems Fit, Alignment, and Integrity**

Analytic Thinking (Analysis of Today)	vs.	Systems Thinking (Synthesis for the Future)
1. We/they	vs.	1. Customers/stakeholders
2. Independent	vs.	2. Interdependent
3. Activities/tasks/means	and	3. Outcomes/ends
4. Problem solving	and	4. Solution seeking
5. Today is fine	vs.	5. Shared vision of future
6. Units/departments	and	6. Total organization
7. Silo mentality	vs.	7. Cross-functional teamwork
8. Closed environment	vs.	8. Openness and feedback
9. Department goals	and	9. Shared core strategies
10. Strategic Planning project	vs.	10. Strategic Management System
11. Hierarchy and controls	and	11. Serve the customer
12. Not my job	vs.	12. Communications and collaboration
13. Isolated change	vs.	13. Systemic change
14. Linear/begin-end	vs.	14. Circular/repeat cycles
15. Little picture/view	vs.	15. Big picture/holistic perspective
16. Short-term	and	16. Long-term
17. Separate issues	vs.	17. Related issues
18. Symptoms	and	18. Root causes
19. Isolated Events	and	19. Patterns/trends
20. Activities/Actions	and	20. Clear outcome expectations (Goals/Values)
<b>Sum: Parts are Primary</b>	<b>vs.</b>	<b>Whole is Primary</b>



### Using “Analytic Approaches to Systems Problems”

#### Systems vs. Analytic Thinking

*In Systems Thinking*—the whole is primary and the parts are secondary

vs.

*In Analytic Thinking*—the parts are primary and the whole is secondary.

*Figure 17.4*

In order to help you internalize Systems Thinking, there are **15 Key Systems Questions** including:

#### **Precondition #1**

What entity/system or ‘collision of systems’ are we dealing with?

**Precondition #2**

Within our identified system, what level(s) of the system are we trying to change and what is our purpose/desired outcome?

**Systems Question #1**

What are the desired outcomes?

**Systems Question #2**

And, how will I know I've achieved it? (i.e., Feedback Loop of outcome measures)

**Systems Question #3**

What will be changing in the environment in the future that might impact us?

**Systems Question #4**

What is the relationship of X to Y?

**Systems Question #5**

Are we dealing with means or ends?  
Corollary: **Ask the "5 Why's"**.

**Systems Question #6**

What do we need to do to ensure buy in/stay in and perseverance over time (to reverse the entropy)?

**Systems Question #7**

What are the new structures and processes we are using to ensure successful change?

**Systems Question #8**

What do we centralize (mostly whats) and what should we decentralize (mostly how) at the same time?

**Systems Question #9**

What are the root causes?

**Systems Question #10**

How can we go from complexity to simplicity and from consistency to flexibility in the solutions we devise?

**The Foundation Tool and Question**

What is it that I contribute to the problem and can change to be a positive and proactive leader on this?

## **The Ultimate Tool and Question**

What is our common superordinate goal here

## **Paradigm Shift Question**

What today is impossible to do, but if it could be done, would fundamentally change what we do?

<b>Summary</b>
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What Systems Thinking is beginning to help us all to do can best be summed up by the following quotes.

***“I think, therefore I am.”***

—Rene Descartes (1596-1650)

### **Simplicity and Complexity**

I wouldn't give a fig for the simplicity this side of complexity  
but  
I'd give my life for the simplicity on the far side of complexity.  
—Justice Oliver Wendell Holmes

### **Simplicity and Genius**

Any idiot can simplify by ignoring the complications.  
But,  
it takes real genius to simplify by including the complications.  
—John E. Johnson, TEC Chair  
(*The Executive Committee*)

### **Simple Answers**

For every complex problem there is a simple answer and...it is always wrong.

—H. L. Menkin

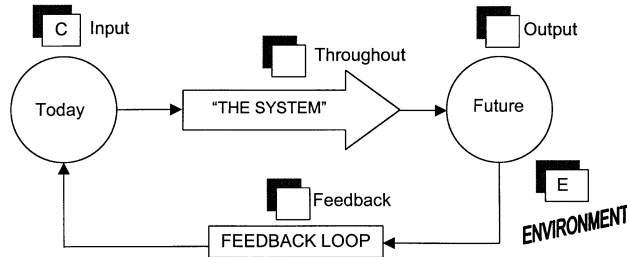
## THE NATURAL LAWS OF ALL LIVING SYSTEMS

### MANAGEMENT'S ULTIMATE CHALLENGE

*"Search for the simplicity on the far side of complexity"*

### THE GOAL (IN WHATEVER WE DO)

*"Clarify & Simplify – Clarify & Simplify – Clarify & Simplify"*



### Why Thinking Matters

How you think...  
is how you act...  
is how you are.

### Why Thinking Matters

The way you think creates the results you get.  
The most powerful way to improve the quality of your results is to improve the way you think.

## And a Special Thanks

And Ludwig Von Bertalanffy—the founder of General Systems Theory—is the “genius” and major leader and pioneer of the coming 21st Century systems orientation and simplicity ... through our holistic, synergistic and integrated thinking called The Systems Thinking Approach<sup>SM</sup>

### *Bottom Line*

*"What we think, or what we know, or what we believe is, in the end, of little consequence. The only consequence is what we **do**."*