

Overcoming Barriers To Strategic Thinking



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Introduction

For many companies, the introduction of a formalized strategic management system to enable and support on-going strategic thinking often raises all sorts of barriers that inhibit the ability to move forward. The purpose of this article is to outline a few of the common barriers company's face in moving forward with a strategic management system and a few ideas on how to overcome them.

What Is A Strategic Management System?

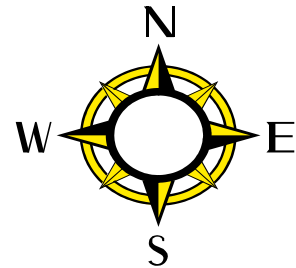
First of all lets explain what a strategic management system is not. It is not an independent off-site facilitated retreat that is isolated and disconnected from the business. While a strategic management system includes facilitated meetings it goes well beyond that. The principle in developing and implementing a strategic management system is to institutionalize a strategic thinking process and build strategic competencies within management and staff to improve the decision-making ability and hence performance of the company. As such, a strategic management system generally includes:

- Formalized opportunities to discuss the strategic issues of the company.
- Technological system that ties the key strategic thrusts of a company to individual tasks and performance and personal competency development.
- Development of management as both operational and strategic thinkers.
- Alignment of company financial performance metrics with individual performance.
- Transparency and accountability of management to the shareholders, staff, customers and suppliers regarding strategic decisions. (This of course is within the realities of what can be done without diminishing the company's competitive advantages).

Reasons For Not Using A Strategic Management System

There are many reasons for not having a strategic management system, some overt, some less obvious and can come from shareholders, senior management, and / or staff. In fact, the barriers to developing and implementing a strategic management system can come from many different places within your company. A few of the reasons we have heard to implementing a strategic management system include:

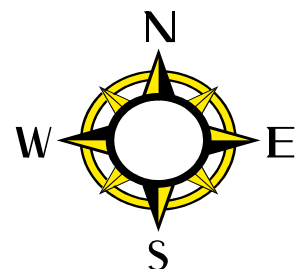
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“A strategic management system is a lot more than just an isolated off-site corporate retreat.”

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- “I’ve been through these strategy processes before, they are just a waste of time and money”.
- “My staff are already working at capacity just trying to keep up with day-to-day work, how can we ever find time to think about the future?”
- “I don’t have time to do my current work, if we start thinking strategically there will just be more things for me to do – and I won’t have time to do them either!”
- “Our company is doing fine, we’ve hit all our objectives so what’s the point of thinking strategically?”
- “We can’t even forecast our budget accurately over the next 12 months how can we possibly have any meaningful impact thinking about our future?”
- “We just can’t gather the information we need to think strategically at this time.”
- “Our business is just too unpredictable – our business does fit into the idea of thinking strategically.”
- “We’ve been fine – we manage our business through our annual business plan.”

And so the objections to thinking strategically go. Many of the individuals making these comments truly believe them. However, these objections often have underlying issues. If you are to overcome, these objections you need to address the underlying issue first.

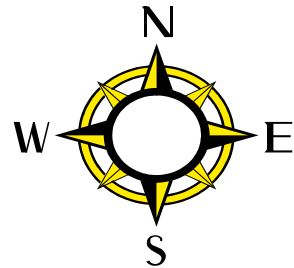
Underlying Issues To Strategic Thinking

The single largest underlying issue to thinking strategically is the issue of change. Strategic thinking ultimately comes down to the allocation of resources to those areas that will have the greatest positive impact on allowing the company to fulfill its mission and move towards its vision. Consequently, strategy has the potential to have a significant impact on the way the company does business. These changes can potentially be highly disruptive to the status quo and are also generally unknown at the time the commitment is made to develop and implement a strategic management system. In other words, what we find is that most of the barriers to strategic management systems are a result of potential or perceived changes within the company as the result of implementing a strategy. The following provides a high-level framework for the implementation of strategy and how these operational issues can be underlying causes for anti strategic management system sentiment.

People

Specific individuals can find that their role has changed or

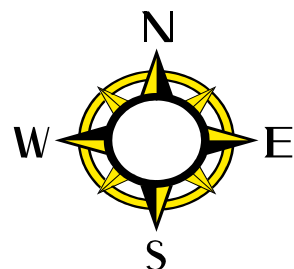
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“The fear of change is the single largest barrier to developing & implementing a strategic management system.”

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even been eliminated. For example, a manufacturer decides to move from a solely direct sales approach to a combination of direct sales and distributors. Consequently, a number of sales people may see their level of importance to the company diminishing and become worried about how their role in the company will change – or even if they’ll have one.

Technology

Technology relates primarily to the information management, software and technological systems of the company. These systems are built to improve the efficiency of what is currently being done. These systems accept data in specific formats at specific times and translate that data into certain types of information in pre-determined formats. Therefore, our existing systems infrastructure is generally focused on sustaining the current state of affairs. The possibility of change that could upset this apple cart can have a preponderance of implications. For example, it could impact the function of an individual’s job or result in a significant financial investment to upgrade the systems, which may draw funds away from another “pet” project.

Processes

Processes are those ways in which we leverage the company’s systems, people and structure to undertake the delivery of tasks. Process is the inherent glue that ties the current systems, people and structure together. Consequently, any change in strategy could potentially have a significant impact on the processes. To continue with the manufacturer example; an administrative clerk currently enters and maintains the database of customers and prospects for the sales staff. With a move to reduce the size or number of territories of the direct sales staff and invest efforts building a distributor network it could raise concern that the process of entering contact customer and prospect data will become smaller and end up as a part-time role.

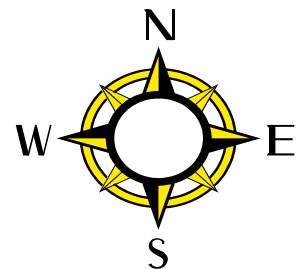
Structure

Structure represents the organizational structure through staff roles and reporting relationships and also the ownership structure of the company. We have often seen and facilitated changes to a company’s organizational structure in order to better align it with the new direction developed as part of the company’s strategic management system.

A Few Soft Issues

The previous framework outlines the functional implications

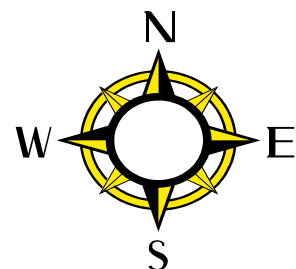
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“Any significant change in strategy will have some impact on structure, people, processes and technology.”

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associated with changes as a result of a strategic management system. While these can provide some insight into the barriers to strategic thinking it does not tell the whole story. There are also a variety of soft issues. If we are going to be successful in overcoming the barriers to strategic thinking, we need to also be aware of these soft issues.

History

Of all the impediments to change, our experiences are probably the most influential. Those who had a negative experience with a strategic management system are naturally biased against such systems. To overcome this bias you need to be able to identify it, get the facts and perceptions of that experience out into the open and relate what you are trying to do with those perceptions and experiences.

Power & Influence

The current company and the way it does business provide some people with greater power (formal or informal) and in turn influence within the company. Significant levels of power & influence provide us with a sense of control over our own destiny. Any strategies that could result in company changes that might diminish or disrupt an individuals powerbase are generally opposed. Conversely, those that see potential changes that would increase their power and influence are generally overly supportive.

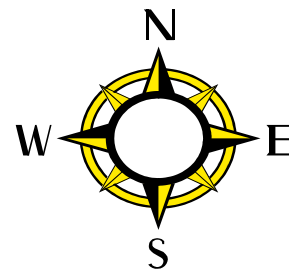
Company Problems

Developing and implementing strategic management systems can highlight existing company problems. In companies that have a budgeting process that allocates resources among several units, any issues between these units can become amplified as the strategic thinking seeks to set priorities. In addition, individuals may feel responsible if company issues are raised as part of the strategic thinking and consequently want to put off the development and implementation of such a system until the issue is resolved.

Operational vs. Strategic Focus

The management and staff of the company have been rewarded for “getting things done”. They have learned that keeping the day-to-day business working effectively and delivering upon their operational objectives leads to reward (qualitative and / or quantitative) and career opportunities. It can in turn then be difficult for some management and / or staff to appreciate the benefit of strategic thinking and delayed results and rewards associated with that type of work.

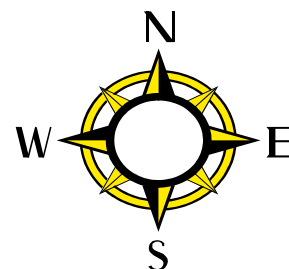
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Personal Receptivity To Change

We all have our own personal comfort level with change. Understanding individual's personal receptivity to change allows you to manage the process accordingly. As such, it is important as part of any change process that the key stakeholders are identified and their level of support and adaptability to change be recognized and understood.

Decision Making

The ability to collect timely and accurate information and make decisions is a powerful attribute in a company. This type of ability to retain control over decision-making is consistent with the concepts of "power and influence" outlined above. There is also the issue that strategic thinking can generate new ways of doing things that can allow and support re-evaluation of previous decisions. Some individuals have difficulty having previous decisions re-evaluated and believe that this is really just a criticism of their previous performance.

Overcoming Barriers To Strategic Thinking

The better you understand your company and the barriers that exist to strategic thinking the better off you'll be to address them. Although the barriers and the methods of addressing them are numerous, following are a few ideas that might help.

- **Provide Leadership**

The drive to build strategic thinking into the company must be supported by the company's leadership. This sends a strong signal of its level of importance which often improves the level of acceptance.

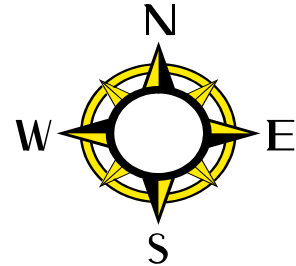
- **Communicate**

If there is uncertainty in the company over the development and implementation of a strategic management system, communicate what you are going to do, why you are doing it, how people will be involved in the process and the expected timelines. As well, it is important to commit to provide updates on a regular basis of how the process is going and what has been achieved. In the absence of information, people will make it up themselves. This communication tools used usually take a variety of forms including meetings, newsletters, town hall forums, etc.

- **Manage The Change Process**

Developing and implementing a strategic management system is only the first step in the whole process. It is equally important to manage the change process for the

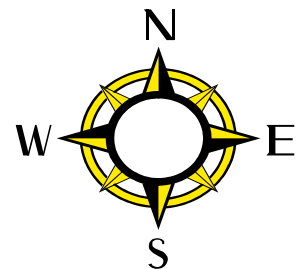
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Understanding the impact of strategy on individuals changing power-base goes a long way in facilitating implementation.

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implementation of any changes that result. Effective change management will not eliminate all the concerns but it will help keep them to a tolerable level and allow the company to continue without significant loss of productivity.

- **Reward Supportive Behavior**

Its not enough to focus on the barriers to strategic thinking. You should also reward behaviors that support strategic thinking. For example, in hearing about the possibility of developing and implementing a strategic management system, a unit head meets with her staff to develop a process for the generation and evaluation of ideas on how they can identify product / market opportunities to support achievement of currently stated corporate objectives. In this example, not only did the unit head take initiative but also developed process that was integrated into current processes so as to institutionalize the thinking and not have it as just a “one-time” event. When rewarding supportive behavior it is vital that it be done publicly.

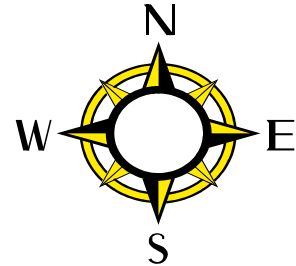
- **No Time Is Ever Perfect**

No matter when you implement a strategic management system there will always be other initiatives going on or information that isn't available. Although it is often believed that a strategic management system starts with a blank canvas, the reality is that no company is a blank canvas. You have been successful by developing and implementing process and systems. The strategic management system must integrate with those systems and processes. It is this need to integrate that often causes concern and in turn delay because the time isn't right. In the long term your company will be far better off getting on with the system and associated improved decision-making that come from it than constantly putting it off for that elusive perfect time.

- **Company Size**

The size of your company can have a significant impact upon the number and depth of barriers to developing and implementing a strategic management system. Generally, the larger the company and longer it has existed without a strategic management system the greater the challenges to implementing one.

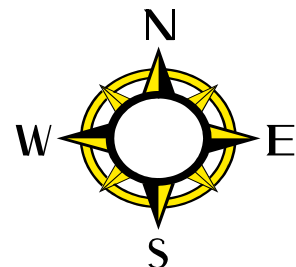
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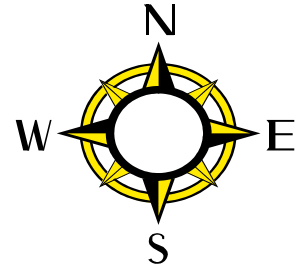
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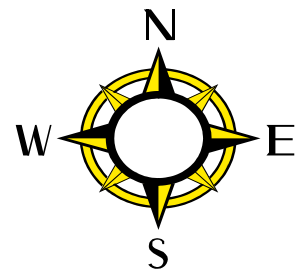
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