



**STRATEGIC CONVERSATIONS TO SUCCEED  
IN A TURBULENT WORLD**

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Turbulent times call for the executive mind-set to be engaged in an ongoing strategic conversation. The drivers of the organisation need be immersed in a scanning and evaluating process which identifies changes in both the external environment and within the organisation itself, and then assesses the gaps between these two environments that naturally emerge as circumstances change, in terms of possible opportunities or threats. When considering the key stakeholders, including customers and staff, every alignment gap poses a new opportunity or threat to the organisation. Executives engaged effectively in a strategic conversation about the organisation are best placed to identify the gaps and prioritise associated actions to realise these opportunities or address the threats.

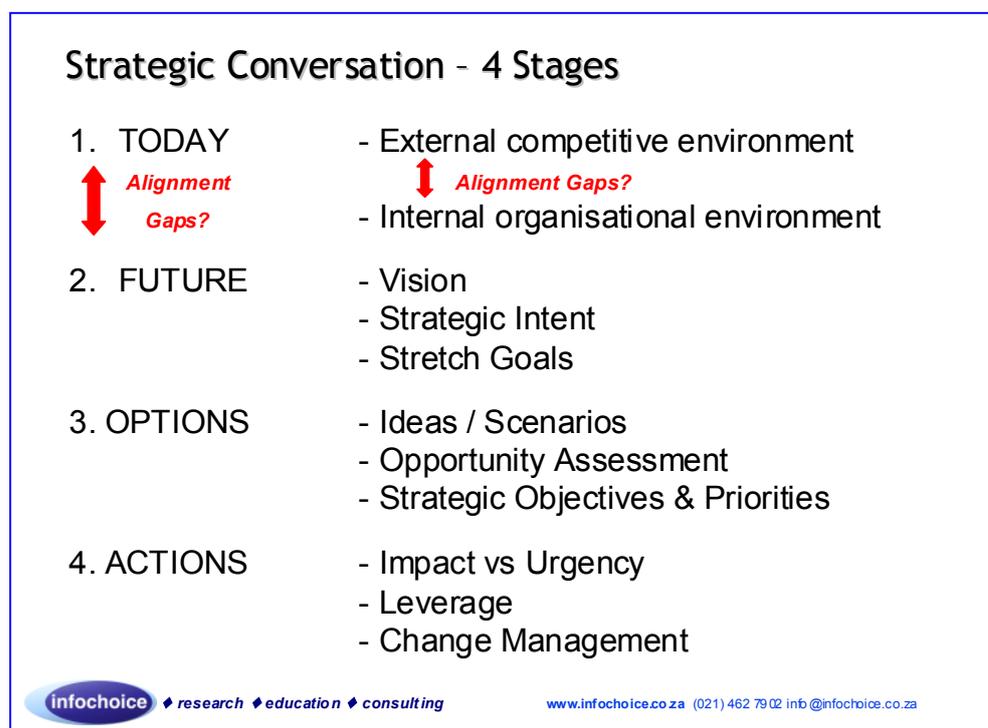
A strategic approach to organisation leadership requires the executive to embrace a process-orientation to strategy, particularly in times of uncertainty and change. Instead of setting strategy once or twice a year, a process-orientation involves a daily re-evaluation of strategy in the face of changing circumstances. This does not imply that the organisation should abandon longer-term goals. It certainly does not mean that the overarching Vision or purpose should be diminished in the setting of a strategic direction. Rather, current circumstances and applied strategies need to be reassessed continually in terms of how effectively they are serving the organisation in allowing it to realise its Vision.

The strategic conversation can be an internal reflection and it can be a very effective means to engage fellow executives. It is a conversation with four essential stages, which can be entered into at any stage, but the executive must be cognisant of the fact that ongoing change necessitates a continual revisiting of the other stages in the conversation.

The key to the strategic conversation is to identify and then prioritise action around alignment gaps. There are always likely to be gaps emerging between the needs and expectations of the external environment, and the

capabilities, strategies and responses of the organisation to address these needs and expectations. There are also always likely to be gaps between the organisation Vision and the current reality; if the perception is that the Vision has been realised, then the organisation may be in danger of excessive complacency! It is then time to define an even more ambitious Vision.

The four stages of a strategic conversation are summarised in Figure 1, below.



**Figure 1**

A good starting point is to review the current environment, identified as the first stage in the Strategic Conversation, labeled '**Today**'. Here the focus is on how the current environment influences the needs of customers and external stakeholders, and how the current organisation capability and strategy addresses these needs

An alternative starting point is to engage with the organisation's Vision, a future orientation that is stage two in the Strategic Conversation, labeled '**Future**', although a focus on today's environment is a useful initial reality check. Stage two invites questions about the Vision of the organisation, and explores the organisation's aspirations and purpose. A full appreciation of the future state of the organisation requires consideration of the future needs and aspirations of each of the key groups of stakeholders considered to be relevant to the organisation.

The four stages for engaging in a strategic conversation can be enhanced with strategy models and tools, as is indicated in the examples provided, below.

### **Stage 1: Today**

There are three key components to a conversation that engages in an assessment of the current environment. First, it is useful to consider the needs of customers and external stakeholders. External stakeholders may include suppliers, community bodies and government. This external review can extend across all of the relevant political, economic, social, technological, environmental and legislative forces that may impact upon the organisation. (A useful acronym for such an external review takes the first letter of each of these forces to form the word 'PESTEL'.)

The conversation can naturally then consider the internal capabilities and competencies of the organisation that are used to best respond to customer needs and other external forces. A useful strategy analysis assesses the current core and distinctive competencies that exist within the organisation for it to be competitive and serve customer needs. A number of key tests can be applied to each area of competency, to determine if it is a core competency of the organisation. (Refer to Hamel & Prahalad, in their classic book,

'Competing for the Future' (1996), for the six essential tests of a core competency.)

The conversation is now poised to engage in an important assessment of today's business, that of identifying possible gaps that may exist between external needs and internal capabilities and strategies. A careful consideration of how well aligned current business strategy and focus is with the current needs of customers and key stakeholders, and what could be done to improve alignment to better serve customers and stakeholders can give the organisation the alignment edge it needs to succeed in the face of turbulence and tough competition.

A strategic alignment assessment is a powerful process, particularly if it is done at the right level of detail. Customer needs from an organisation may differ at different points in the value delivery process. A strategic alignment assessment considers each of these value delivery points for each customer group in order to determine the dominant need, and to assess how aligned current strategy is to best address that need.

For example, consider the process of a customer getting his or her car serviced. Typically, on the day of the service, waiting in line to check the car in, the dominant customer need is for **speed**, for the line to move quickly. Once the customer reaches the mechanic who is about to take the car-keys, the dominant need may change, perhaps to one of wanting **accuracy** and thoroughness. Customers don't want a careless, shoddy service, and don't want the mechanic to rush the job. When the customer is called in the mid-afternoon to be told that the car is ready (and that the bill will be larger than expected!), the dominant emotion in relation to the service centre is likely to be different again, and the service centre would be prudent to anticipate this and respond accordingly.

An optimally aligned organisation is able to recognise and respond appropriately to the dominant need that the customer has at each point of contact with (or value delivery from) the organisation. If customers want speed, action and results, then the organisation had better not keep them waiting. If they want accuracy and detail, then the organisation would be well advised to know this and respond accordingly.

A useful framework for strategic alignment can be found in Norman Chorn's book, titled 'Strategic Alignment' (Chorn, 2004). Understanding the concept of strategic alignment is essential for an effective strategic conversation.

## **Stage 2: Future**

The organisation's Vision or purpose, its longer-term goals or future state, require continuous conscious consideration in the strategic conversation. The Vision of the organisation is its desired aspirational future state. The Vision needs to be able to be described in a way that is meaningful to staff and other stakeholders, and should ideally inspire commitment and passion. An important link needs to be drawn by the executive between the organisation Vision and the personal Visions or aspirations of key staff. To the extent that the organisation's goals are aligned with staff goals, there is a greater chance of creating an organisation culture driven by passion, creativity and courage.

Extending the strategic conversation to key staff to optimize their alignment with the organisation's Vision, there is a central question that is worth probing with each of these individuals, namely, "what is the picture of their personal future they feel passionate about?" To strategise effectively on the organisation Vision, a similar question can be posed to other organisation stakeholders, where the conversation focuses on the various needs, desires and aspirations of these stakeholders in relation to the organisation and its activities.

In defining the organisation purpose, it can be framed in terms of the contribution that the organisation aspires to make to a larger entity – a community, the country, or the planet. In times of uncertainty and turbulence, the organisation purpose can inspire hope, commitment and trust. The organisation purpose should be meaningful for staff, and ignite passion amongst all stakeholders.

Another important Vision statement component is the detailing of the organisation's distinctive competencies. What does the organisation do or have that is better than any other organisation? Do the key stakeholders of the organisation value these unique and distinctive competencies?

A third element in the Vision concerns the business definition. What business is the organisation in? Who are its customers and stakeholders, and which of their needs does it meet with what products and services? Getting the business definition right in the Vision can help with organisation focus. Too narrow a business definition and the organisation may miss out on transformational change. Too broad a definition and the organisation may lose focus.

Vision statements are often subordinated in favour of more pressing and demanding current issues and priorities. The strategic conversation can be served by an additional, shorter-term future view, defined as a statement of Strategic Intent. This is a summary of the top four or five organisation goals over a defined period, such as a year, that links to the longer-term organisation Vision.

One of the more creative and engaging statements of Strategic Intent came from FNB Corporate a few years ago, in the form of a numeric code, '10150', a shared intent for all staff over one financial year. There were four key stretch goals in this code: in order, '1' was about an aspiration to be rated number one in peer ranking surveys; '0' concerned a desired culture of a

zero-tolerance for errors; the next '1' addressed a desired increase in profitability; and '50' concerned decreasing the cost-to-income ratio.

A short-hand code like '10150' can be easily remembered and help direct focus. For most organisations, it is equally important to be clear about the longer-term plan, despite operating in environments that are constantly changing.

In 2009, a time of unprecedented turbulence and uncertainty, a combination of Vision and Strategic Intent, as well as flexibility and agility is needed to chart a secure strategic path over time. There are many sources for guidance on Vision Statements. Peter Senge's work on the learning organisation, 'The Fifth Discipline' (Senge, 1990), is recommended.

### **Stage 3: Options**

Having engaged with stages 1 and 2, another set of gaps should have emerged, namely that between the current reality of the organisation and its desired future state. The strategic conversation is now well positioned to consider a number of corrective steps that may allow for some quick wins. The conversation has also hopefully defined in the gap between today's environment and the organisation's future goals and aspirations, a creative tension that draws the organisation forward on a strategic path.

The executive can now introduce into the conversation a variety of strategic tools that can be applied to assist in developing a robust future view or way forward for the organisation, which allows for the generating of ideas and opportunities that can become viable strategies.

A useful starting point is to review the organisation's business model. Two tests for a viable business model can be made by asking: '1) how well does the organisation lock its customers and stakeholders in?', and '2) how well

does the organisation lock competitors out?’ The executive needs to consider these ‘lock in’, ‘lock out’ questions in a dynamic way, because the answers are likely to change as quickly as circumstances change.

More on the business model can be found in Gary Hamel’s book, ‘Leading the Revolution’ (Hamel, 2002). This book and his earlier work, ‘Competing for the Future’, written with CK Prahalad (Hamel and Prahalad, 1996), provide excellent tools for identifying ideas to take the organisation forward.

Key questions for the ‘**Options**’ stage of the conversation include: 1) asking if there are other potential customers for the organisation’s products and services; 2) exploring how the organisation may be able to leverage distinctive competencies; and 3) questioning whether resources and assets can be differently configured. It is inspiring to remember, for example, that Caterpillar was first exclusively a heavy earth-moving equipment company before it leveraged its brand and work-wear into the fashion business!

Importantly, consider the extent to which the organisation can innovate, to steal a march on the competition, get inside competitors’ renewal cycles, and set new industry standards. It is important in this stage to assess risk appropriately, and also avoid associating the word ‘radical’ with high risk. Radical innovation does not necessarily mean a high-risk strategy. Refer to Gary Hamel’s book, titled ‘The Future of Management’ (Hamel, 2007), for more perspectives on innovation.

An important step in the ‘**Options**’ conversation is to prioritise strategies by ranking them in order of importance against the organisation’s most current strategic objectives. Strategic objectives may be obvious, like ‘positive impact on the bottom-line’ and ‘easy to implement’. It is worth thinking carefully through possible strategic objectives, and ensuring that they are aligned with the organisation Vision and with customer and stakeholder needs.

## Stage 4: Actions

Stage 4 of the strategic conversation is about taking effective action. The executive should now be ready to recommend a way forward that considers the internal and external environments and current and possible future realities that are aligned with the Vision and the organisation's strategic objectives.

In taking action, it is valuable to prioritise issues that get in the way, in terms of their urgency and impact, to optimise the allocation of resources required to address these issues. It is also important to review the competencies and resources required to implement each of the preferred strategies. A key question for consideration if the organisation does not have the required competency or resources for any particular strategy is: 'what action needs to be taken to acquire them?'

Lastly, the strategic conversation needs to consider the issue of change management. For effective change to happen, there need to be four key elements in place: pressure for change; a clear shared vision; capacity for change; and actionable first steps. If any of these are missing, the implementation of strategies to bring about change may be impeded.

About the author

Dr Grant Sieff is CEO of the IC Growth Group, a research, strategy and leadership development consultancy. He teaches at leading business schools as a visiting professor and senior lecturer. Grant has worked as a vice-president for Citibank in Australia and a partner for Accenture. He consults to leaders at the top levels of organisations across African continent and abroad.

IC Growth Group ([icgrowth.co.za](http://icgrowth.co.za)) has initiated an Africa-based research, market insight and strategy development online portal, dedicated to development and growth in Africa ([africamarketinsight.co.za](http://africamarketinsight.co.za)). Grant can be contacted at [grant@icgrowth.co.za](mailto:grant@icgrowth.co.za) or on +2721 462 7902.