

Who needs strategy?

Modern executives have become sceptical about the merit of strategic planning in the unpredictable business world. Should they be?

by Retha Alberts

Business leaders have to cope with an unprecedented barrage of challenges: volatile exchange rates; shrinking margins; exposure to global competition; radically new product and service ideas; the inundation of information and new computer technologies; transformation legislation; and the ever-growing demands of stakeholders. Their dilemma is exacerbated by the challenges of the day-to-day operational hassles that demand continuous attention and often stretch their problem-solving skills to the limit.

Both locally and internationally, the most common complaint from business leaders is a lack of time: the pace at which decisions have to be taken in order to keep ahead. In this ruthless environment, in which businesses have to reinvent themselves frequently, it is no wonder that some business leaders have not concealed their loss of faith in the effectiveness of longer-range strategic planning.

Does that mean that strategic planning is on

the way out? No, the need for strategic planning has never been so relevant; strategic planning has not become obsolete, but old formats have surely lost their impact.

Looking back

From the 1970s to 1990s, the strategic planning break-away session (the *bosberaad* or *indaba*) was one of the chief events on the annual business agenda. Visions, missions and SWOT analyses were eagerly debated. But after these sessions (followed by some serious social activities), the proudly crafted strategy document often landed in file thirteen

— only for the planning event to be repeated the following year!

These strategic planning sessions were not mere exercises in futility. Within the political and socio-economic context of South Africa at the time, the business focus was largely inward-looking, given the rather regulated and protected external environment. Market conditions, although challenging, seemed more predictable, and planning for the future was largely the extrapolation of past targets. In all fairness, some value was added by the systematic processes of identifying what a business was capable of doing and what it



Image: Fotosearch

could possibly achieve in future.

A variety of popular concepts or models could even be used for these planning sessions. These included Porter's Five Forces, Hamel and Prahalad's core competencies, and the business matrix designed by the Boston Consulting Group. Business consultants at the time seemed to earn their status by dropping the names of top strategy gurus such as Mintzberg, Porter and Drucker.

What in today's business environment would be called absurd assumptions – for example that the future is accurately predictable or that strategic planning belongs exclusively at corporate senior executive level – went largely unpunished in those days.

Yet, many of the strategic change schemes that followed produced indifferent outcomes. In the words of South African business expert, Tony Manning, too often change agents fell in love with the latest trend or 'package', though it lacked real substance. Some agents ignored the context in which change had to occur. Would staff, for example, adopt a customer focus if the CEO was not seen to be passionate about customers? Would the status quo change if the reward system still incentivised old practices? In addition, strategic goals would remain subordinate to *real work*. Change projects were not woven into the fabric of the organisation's life; so, strategic plans waited for when there was time – which there never was.

Looking ahead

In present times, strategic thinking tools and interventions still capture the attention of business. Apart from the classical models, which were mentioned above and are still in use, Peter Senge's theory on *strategy as learning* and Kaplan and Norton's Balanced Scorecard®, too, have become popular strategy tools. Yet, objectively considered, these tools have been applied by organisations worldwide with mixed degrees of success.

Have the frustrating experiences led to the obsolescence of strategic planning? Definitely not! The interesting phenomenon is that, when one views the situation in business worldwide, most successful businesses, in

fact, seem to have increased their spending on strategic thinking and capacity-building. Why is there this apparent contradiction?

Effective strategy practitioners have come to realise that the successful execution of a business strategy depends not only on the *content* of the plan but also on the *process* that shaped the plan. Since the context of the business environment has drastically changed, strategic planning had to come forward with a new paradigm. This shift has largely focused on the strategic thinking process. Strategic planning has more and more become the art of igniting and guiding the mental processes that will energise the business to perform at higher levels.

Effective strategic planning today flows from a continuous strategic dialogue in the organisation. It has become an activity of learning and knowledge transfer that enables organisations to design business models and architectures that will make them capable of superior performance levels. In fact, several examples exist of strategically thinking businesses that have succeeded to change the rules of the industry in which they operate.

Present-day strategic planning is a *systemic* approach where the *interaction* of the various functions and elements of the business are debated and deeply understood. Information relating to the industry, the competitors, the market and the business as an interdependent system is interpreted in order to obtain new insights and knowledge about the business and the possibilities for long-term success.

The business strategy that is based on thorough strategic conversations has a better chance to inspire collective patterns of behaviour. Most stakeholders, particularly employees, understand the strategic goals better, and they relate to the operational actions and goals required for them.

Strategic planning has become far more than setting long-term goals for sustainable success, especially through simply seeking the newest trend or the right silver bullet. It has become a compulsory mechanism for growing the knowledge base of the business and for building its capacity through continuous learning and innovation. The ability of business leaders to reflect hard and deep on

their organisations' problems and opportunities is pivotal. And the enhanced thinking processes and the knowledge transfer, which takes place during strategic planning, directly impacts on building strategic leadership capabilities throughout the organisation. The business strategy that makes a real difference will be designed by informed stakeholders, and it will mobilise people through robust leadership and clear decision-making practices.

Strategic planning has moved on from simply introducing the right tool or model. Strategic planning has grown into an art; a process that needs to be professionally facilitated. Effective facilitators are those that can cleverly read and stimulate the thinking processes to move participants into a higher gear of insight and understanding.

The unpredictability of the business environment has not ruled out the need for longer-term strategic planning or visioning. More than ever before, strategic planning has become *essential* for retaining a market leadership position. Strategic planning is now the process that cultivates the capability in the organisation to become flexible and fleet-footed; the ability to read and respond to the accelerating fluctuations in the business environment. Only businesses that master these skills will last and deliver the desired results to their stakeholders. ■



This article is a condensed version of a paper commissioned by Nedcor. The author, Retha Alberts (lavita@iafrica.com), has been active as a strategic planning facilitator for more than 15 years, both nationally and internationally. Alberts works in close association with USB Executive Development Ltd (USB-ED), as facilitator and lecturer.