How to Make the Most of Your Company's Strategy

The art of translating top management's aspirations into concrete action on the ground *by Stephen Bungay*

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In the decades since Peter Drucker first urged executives to manage by objectives, companies have replaced his famous "letter to the boss" with ever more elaborate and time-consuming processes for setting goals. The result is usually a profusion of measures and targets, finally approved six months into the year they are supposed to cover, that only add to the confusion about what really matters to the business. For most managers, the big unanswered question remains: What do you want *me* to do?

This article is about how to answer that question. In the following pages you will read about a process I call strategy briefing, a technique derived from the military. Through it, managers and their reports can move together from the uncertainty surrounding seemingly complex goals and performance measures to clarity about just which objectives each person needs to focus on, in what order of priority. The briefing also helps managers set parameters for two variables that are the bedrock of high performance: the extent to which people in an organization act in line with its leaders' intentions, and how much freedom they have to take independent action.

ILLUSTRATION: CLARE MALLISON

In essence, the briefing turns lofty strategic goals into a clear blueprint for execution.

In what follows I'll walk you through the five-step briefing process, illustrating it with a fictional example stitched together from my own experiences as a consultant and a teacher. To conclude I'll explain how to roll the process up, down, and across your organization.

The Road to Confusion Is Paved With Good Intentions

Joe was a star. An engineer, he also had an MBA and worked at a large, well-established information services company. A year after moving into product development, he was asked to set up a low-cost R&D center in Asia. By introducing new, less expensive offerings, the company hoped to fend off increasing competition from cheaper rivals.

Six months into the project, Joe convened an off-site. After presenting the company's goals and challenges, he asked the people attending for thoughts on how they could help meet them. After a few moments' silence, one of the senior technicians raised his hand. "I don't want to sound negative," he said, "but what exactly are we really trying to achieve?"

Joe was taken aback. "It's perfectly clear, isn't it? We're creating a new center to develop low-cost products. We've got two years. You know the situation, and you know the company's strategy. I just went through it."

"Sure," came the reply, "but frankly, I'm still confused. There's lots of stuff in our goals about shareholder value, reinventing ourselves, thinking globally, and embracing change. There's stuff about being innovative and delivering superior customer satisfaction, and there are targets for increasing revenue, lowering costs, and raising margins. Well, I don't get it. From where I sit the sky's falling in. We're in a deep recession, the competition is eating our lunch, revenues are falling, margins are shot to bits, customers are starting to hate us, and all anyone seems to care about is getting rid of people to save money. Some of us are probably next. Where are we in all this? What are we supposed to do?"

Joe sensed that he needed to take control. "OK," he said, "I hear you. And you're right. Let's sit down and work it out now so we're all singing from the same sheet. Let's not just talk; let's write it down, so we all know exactly what we are about."

STEP 1
State Your Intent

Joe went over to a flip chart and wrote down "Task + Purpose." Under "Task" he wrote "what," and under "Purpose" he wrote "why." As he turned back to his audience, he saw to his surprise that people had perked up. "So we'll answer those questions, right?" he said. "Here and now."

The discussion began as usual with an aspiration. It was not long before the words "world class" were uttered, as someone suggested that the team's purpose was to "build a world-class development facility." Some of the team members liked that. Others rolled their eyes. "Look," somebody piped up, "that's an aspiration anyone could have. It makes no difference; it's vague and has nothing to do with our situation." The first version was crossed out. The purpose became "To build a new development facility."

"But that's just a description of what we're doing," came the objection. "Isn't the question, What are we trying to achieve?"

"We need to reduce costs," came the answer. So perhaps that was the "why."

THE TAKEAWAY
Joe began by trying to define what his group's intent was, essentially drafting a statement outlining what the people above him expected his group to do and why. If you were a soldier, you'd recognize this intent as your mission. Getting to the right statement is not easy; it took Joe and his team several tries. But a clearly defined intent unifies a team's effort. Before the off-site, Joe's people had been generating a lot of activity. Once they had agreed upon the statement, they could see which activities supported the intent and stop the rest. That produced a degree of calm in his overworked department.

Idea in Brief

Managers struggle to translate corporate strategy into what they should actually be doing. How can that challenge be addressed? Through strategy briefing, a five-step approach to planning that originated with the military. It provides a way for managers and their reports to move together from confusion around a complex set of goals and measures to clarity around just which objectives each person needs to focus on and when.

The steps are (1) state your intent, or what you are expected to do and why, (2) revise it in the context of your company's situation, (3) determine which measures best indicate whether you're achieving your goal, (4) define the tasks implied by your intent, and (5) define the boundaries, or constraints, that limit your team.

The process is repeated throughout the organization, with the tasks formulated by a group becoming the intents of the groups below them. In this way, a strategy is broken down into a cascade of discrete but linked elements that align the organization.

Joe called a halt to the increasingly fractious discussion. "Let's step back a second," he suggested. "What is the situation?" He tried to sum it up, for both himself and the others:

"The company's revenues are declining by 10% a year, in part because we're in the worst market in history but also because we're losing share. Our cost base is 30% too high, our products are old, and customer satisfaction is falling. We claim to be innovative, but new-product development is blocked. Our job, surely, is to unblock it. If we do that, it will reduce operating costs and improve customer satisfaction, and that will help sales."

Joe felt somewhat liberated by what he had just said. Like everyone else, he had a mental list of what needed to be done. The company always had to improve costs, revenues, margins, and service. But he had just articulated the relationship between them for the first time. New-product development was the link that completed the chain. He realized that for him success meant getting products out now.

The discussion continued. Half an hour later, the group had its first answer on the flip chart:

What: To significantly reduce time to market for development, enhancements, and support of high-quality products to our customers in a cost-effective manner.

Why: In order to help aggressively grow our revenues and increase our margins.

During lunch Joe went outside to think. He did not like what the team had written. It was too broad and too unrealistic. How was the firm going to aggressively grow in the current market? He ruefully realized that he should have thought about this long ago. He needed to set the scene for his people.

STEP 2

Try Again—This Time in Context

Joe went back to the flip chart and turned down a new sheet. At the top of it he wrote, "Context." Then he listed four observations:

1. The company's market share is being eroded by competitors under some of the most difficult trading conditions in our history.
2. The loss of share must be halted, or we will have no basis for future growth.
3. Customer service is the key to halting this decline, but with the existing product line, it's impossible to deliver outstanding service at acceptable margins.
4. With the current loss of accounts, every day that passes makes recovery more difficult.

The group came back in as he finished. "Does that help?" he asked. There were nods as people read what he had written. "Actually, we've got a crucial role in all of this, haven't we?" observed one of the head programmers.

"And," somebody added, "if it's true, it means that what matters is time. We've got to speed things up."

"Is that right?" someone else asked. "Is that what the company wants us to do?"

"Let's look again at what the company strategy document says," Joe replied. He fiddled around on his laptop until the words of the corporation filled the screen:

We are committed to delivering Great Service to our customers. This will require us to build a strong service-based culture. This will be achieved by a combination of improved customer and market

THE TAKEAWAY

Before a group can arrive at the right statement of intent, its leader needs to set a context. Context setting requires understanding the goals and constraints of both the people above you and the people above them. Going two levels up helps you to see how your own actions fit into the bigger picture and to determine your priorities. Keep in mind that revisions are critical to the briefing process. Progress is made only through an iterative process of formulation, critique, and readjustment.

"If we give ourselves a target we can't achieve," Joe said, **"we're setting ourselves up for failure."**

segmentation capability, improved customer service processes and tools, and, significantly, specific customer-focused behaviors' being constantly demonstrated both internally and with external customers. The goal is to reshape the business to deliver superior shareholder value over a sustained period.

The group stared blankly at the screen. "Marketing wrote that," someone commented.

"More like HR," said another person. "Though finance finally got their oar in at the end."

"Think about what's behind it," Joe said. "It says there is going to be a change. The clock's ticking. We have to give customers better service than our competitors do if we are to get them back, and we've got to make money as well."

"So how do we fit in?" someone asked.

"If the company is to compete on service, it needs us to come up with the products to enable it to do so," Joe replied. "It used to be all about technology and features, but it's a service game now. I was talking to the head of technology about it. He wants a coherent suite of products, not the mess we've got now, with different offerings for every region and every client. I've talked to the head of Asia as well. The costs are killing us. We have to make some hard choices. Sales won't like it, but there it is. It is our call. Why don't we try to write it down, simply, and work out what it is that senior management wants us to do? What was their intention when they wrote all this?"

Forty minutes and several flip-chart sheets later, Joe's group had a formulation, which it decided to call "Higher Intent." The formulation read:

TWO LEVELS UP (CORPORATE)

What: To transform the company within the next three years.

Why: In order to deliver superior service and financial performance.

ONE LEVEL UP (TECHNOLOGY GROUP)

What: To develop and support a coherent product line that is easy to service.

Why: In order to allow sales and marketing to grow revenues.

"Our job," said Joe, "is to fulfill the technology group's intent in Asia. Their intent tells us a few things that should drive every decision. The new products have to be simpler to service, or they're no good. They have to fit in with what's being done globally, and the local salespeople will have to live with that—no more customization. We've got to design products with sales and marketing to make sure they'll sell. They have to be low cost or we can't make money. And we've got to move fast. Now let's look at our earlier intent statement again. What do *we* have to do *now*?"

The immediate needs were defensive. There was no way anyone could grow revenues and margins in the current climate. The firm had to stop the erosion of market share. It was also clear that the company had to get something new out the door that year. Moreover, Joe's group needed to focus its efforts; more than 250 products, in all stages, were in the pipeline, and the group would have to decide which ones would make the most difference.

Finally, the team came up with this statement of intent:

What: To accelerate delivery of critical products to market.

Why: In order to enable sales channels to halt market share erosion by year-end.

"Is this ambitious enough?" someone asked. "It doesn't sound particularly inspiring."

"This is enough," said Joe. "If we give ourselves a target we can't achieve, we're setting ourselves up for failure. But that reminds me, we need some measures so that we know what we're doing is working. We haven't finished yet."

STEP 3
Set Your Measures

Joe and his team determined that to achieve the objectives they had just outlined, they needed to focus on three things—time, market share, and costs. They expressed each in terms of a goal:

1. Deliver agreed product set by year-end and on budget.
2. See that total market share in Asia at the end of the year equals the share at the beginning of the year.
3. Reduce operating costs for development in the region by 20%.

THE TAKEAWAY
You need measures to monitor whether or not you're achieving your intent. Sometimes, if your briefing is going well, you'll find that the activities you see as most appropriate to your intent aren't the ones you are actually assessed on. If that's the case, it becomes the responsibility of the team leader to go back to the people above him or her and negotiate new performance measures, as Joe decides to do here.

There was a pause. They were all studying the flip chart. Someone frowned. "We ourselves cannot stop market share from declining," he said. "Do we want to be measured on that?"

"Strictly speaking, no," replied Joe, "but it is the purpose behind everything we are doing. If the rate at which we're losing share goes down, we'll know what we're doing is working, even if we don't hit the target. If we don't look at it, we might be barking up the wrong tree."

"What about what we *are* measured on?" someone piped up. "We've all got targets. Dozens of them." So they had, including Joe himself. Part of his bonus was tied to the number of new products delivered. Optimizing that would not be difficult—he could just go for the easy development projects nearest completion. But they might not have the most impact.

"Look," he said, "I'll make a commitment to you. I will renegotiate the targets for this group. I'll explain what we are doing and that the measures are just there to tell us whether we're successful or not. The outcome is what we're trying to optimize. The measures are the dashboard. We should not confuse the readings on it with what we really want to do, which is to arrive on time at our destination. When we've worked out who is doing what, I'll measure your performance on how well you accomplish your assigned tasks. What I want to know from you now is what you think those tasks should be."

STEP 4

Define the Tasks Implied By Your Intent

The people in Joe's group started by looking at what they were actually doing. They were involved in three types of activity: growing an offshore facility, improving costs and efficiency, and working on various initiatives related to morale and customer service. They decided to do only what was essential and to sideline initiatives not related to their intent.

Then they realized they'd left something out. Someone needed to figure out which products were critical to the company's goals—an issue no one was addressing. That was the first task. The team members knew that some work on costs would have to continue but that it was even more important to speed up development and deliver something good to the sales force. To ensure that people didn't get distracted from that task, they decided to dedicate half the staff solely to development and have the rest work only on enhancements and support. In sum, four main tasks were implied by the intent:

1. Identify the critical products.
2. Accelerate development of those products.
3. Create enhancements to existing products faster and provide more-responsive product support.
4. Reduce costs.

If Joe and his group accomplished all those goals, they would achieve their intent—and be heroes. But suppose they had to make tradeoffs? Joe looked at the list. "In all of this," he asked, "what's really vital? If we had to cut, where would we cut last?"

The team members had a debate. Though they needed to define the critical products, they could get that broadly right. They had to reduce costs, but if they failed, they could accept low margins for a time. The thing that mattered most was the fast development of new products—if they didn't get that right this year, all else would be in vain. Joe went back to the chart and drew a red circle around "Accelerate development." Next to it, he wrote, "Main effort."

It was time for a break. Joe went for a stroll outside and reflected. The group had started with a list of things to do that were only loosely related and varied in importance. Putting that to one side, the participants had thought through what needed to be done most so that the tasks were prioritized. They had filled in a key missing piece in their to-do list—identifying the critical products. And they also had a list of tasks that didn't overlap, so people could tackle them without getting in one another's way. Now Joe wanted to assign the tasks to his people and have them come up with a plan for accomplishing them. He didn't want to dictate how to do things; his reports all knew their jobs better than he did and needed to put some creative thought into their plans. He wanted to give them space. But how could he set the right parameters for them?

Joe went back in, and as the team reassembled, he wrote a new heading on each of two flip charts: "Freedoms" and "Constraints." The brainstorming began. A quarter of an hour later, the list under "Freedoms" included "senior management support," "motivated employees," and "the importance of new products." A longer list under "Constraints" included "concerns about our ability to deliver," "customer reluctance to adopt new products," "competitor activity," and "organizational complexity."

THE TAKEAWAY

Your next job is to prioritize the tasks that you've decided will help you meet your intent. Joe identified his highest priority, or "main effort," as accelerating development, because it would have the largest impact on the company's overall intent of halting the decline in market share. That meant that if he lost people midyear because of head-count reductions, he would transfer engineers working on product enhancement and support into development so that market introductions would not be delayed.

STEP 5
Define the Boundaries

Joe stepped back. Everyone looked a bit blank. The lists weren't very helpful. They looked like a list of good things and a list of bad things. The bad ones were more complaints than constraints, plus a few worries. The lists didn't show what people were or were not free to do.

"Let's try again," he said. "Let's really try to think about what we can or can't do. Let's begin with the constraints."

It soon became clear that there were two big ones: They were trying to optimize time, but cost and quality imposed boundaries. Within a few minutes there was an earnest debate among the participants, which started to get passionate and technical at the same time. Joe stopped it. "We've just identified another aspect of the tasks," he said. "We're going to have to work this out as we go. Let's not assume we know the answer already." He wrote down the two constraints:

1. Product quality—to be defined with reference to customer needs and the service organization.
2. Product cost—requirements set by budget and competitive benchmarks.

THE TAKEAWAY
To execute a strategy, employees need to be able to adapt as the situation changes. Boundaries give them the freedom to do that. That sounds paradoxical, but in my experience, if they're not given boundaries, people create more rigid ones for themselves. In the process, they tend to list things that are getting in their way or might go wrong. Those are not boundaries but difficulties we want them to overcome. A boundary puts limits on possible alternative objectives. In Joe's case, time, cost, and quality were all potential objectives. But he could optimize only one, time. Thus, the others became constraints, or boundaries. He could do whatever he wanted to optimize time subject to achieving minimum standards for cost and quality.

Though Joe's group had no control over those constraints, it had to find out what they were. He and his team realized that by defining their boundaries, they were also identifying whom they had to talk to both inside and outside the organization. The discussion became more concrete and more focused. They identified two more constraints and a question:

3. The requirement to reduce the number of development centers—to be agreed on with the head of Asia.
4. Product obsolescence program—to be agreed on with global product management.
5. Who has final decision on new-product development projects?

As he looked at these, Joe realized that he had defined his own role. His job as leader was to manage the team's boundaries. Tackling the first four constraints would involve working with the decision makers and ensuring that the team's proposals were good enough to be accepted. The fifth item on the list was something he had to clarify. He made a note to himself to raise the issues with both his regional boss and his functional boss when he saw them next.

The shadows were lengthening and people were tired; time to call it a day. "Well," said Joe, after he'd assigned the four tasks to different managers, "I want each of you leading a task to come back to me by the end of next week to tell me how you are going to tackle it. Now, let's have a drink before we head to the airport."

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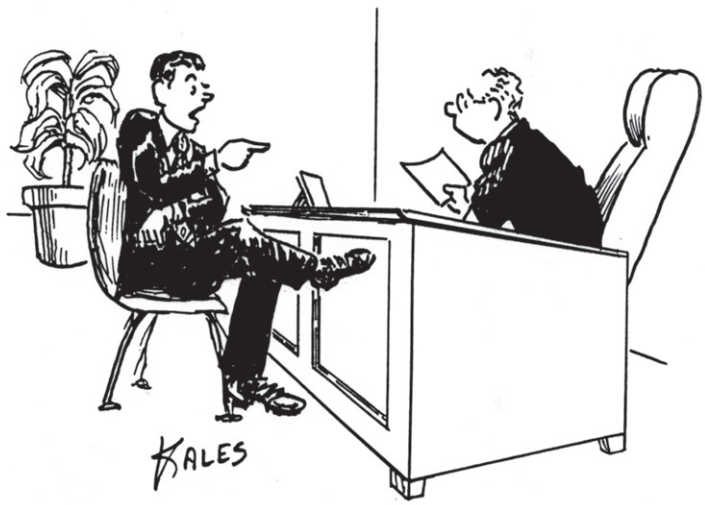
The Rollout

A single strategy briefing like the one I've just described can help an individual team perform better, but the real magic happens when briefings are held throughout an organization. When, at the end of the story, Joe assigns the tasks and asks his reports to develop their own plans, it means that they must now conduct their own briefings with their subordinates.

In each of his subordinates' statements of intent the "why" will be Joe's "what"—to accelerate delivery to market of critical products—and the "what" will be the task Joe assigned that person. So for the first of his direct reports, the intent will be "to identify the critical set of products in order to accelerate their delivery to market"; for the second, "to speed up development in order to accelerate the delivery of critical products to market"; and so on. Each of those four people's direct reports will then work out their implied tasks and pass those along to their subordinates with their "whats." The process will continue until no further analysis is necessary. In this way a company's strategy is broken down into a cascade of discrete but linked elements that give a clear view downward toward actions and upward toward the company's strategy, and align functions across the organization.

The rollout must also incorporate a feedback process in which the leader of a group that has just conducted a briefing presents the output to the people he or she reports to. In Joe's case, this "back-briefing" should involve a discussion of the metrics that he and his group came up with, which differed from the official targets.

In back-briefings three things happen. First, the unit doing the back-briefing checks its understanding of the direction it has received or worked out. Second, superiors gain clarity about the implications of the direction they originally gave and may revise it as a result—as Joe's bosses would probably do for the metrics. Third, it provides an opportunity to ensure alignment across the organization as well as up and down; if Joe's reports give their back-briefings to him together, he can check for gaps, overlaps, and coherence.



"Sir, are you sure it's a good idea to have a mission statement with irony?"

CARTOON: PAUL KALES

EFFECTIVE BRIEFING helps unlock hidden sources of productivity. It offers a practical way to ensure that the people in your company are both strategically aligned and operationally autonomous, a combination that has been the hallmark of high-performance organizations for 2,000 years—since the days of the Roman army. Now part of military practice throughout NATO, the strategy briefing technique has a 150-year track record, going back to the 19th-century Prussian army, of enabling forces to cope with the fast-changing uncertainties of warfare. Given that the business environment has become equally unpredictable, it's time for companies to adopt it as well. It may be the best investment in time you will ever make.

HBR Reprint R1101L

Fonte: Harvard Business Review, v. 89, n. 1/2, p. 132-140, 2011. [Base de Dados]. Disponível em: <http://web.ebscohost.com>. Acesso em: 11 fev. 2011.