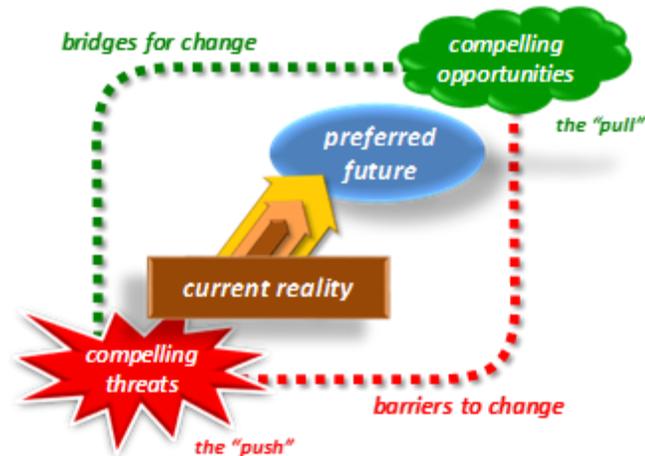


## Formulating Strategic Change



### **Main messages underlying the model**

1. The power of a strategy model is in its “cascadability.”
2. Context is as important as content.
3. The power of context lies in shared understanding.
4. Painting the preferred future *first* avoids extending the past.
5. Strategy is about closing the gaps.
6. Strategic action needs to have three horizons.

#### **1. The power of a strategy model is in its “cascadability.”**

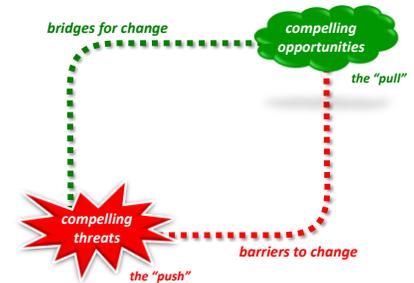
Strategy is too important to be left to “Executive Row.” The people on the front line are the ones who will be implementing the operational elements of the strategy, so the high level directions of the organization need to be able to be translated easily into more and more granular detail so that the front line can actually implement what was intended in the first place.

The model presented here has been shown to work at both the high organizational – even populace – level as well as at the personal level, and every level in between. When used effectively, powerful connections are established between each level and ensure that the intent at the core is manifest in the actions at the outer ring. The strategies at one level become part of the “desired end state” at the next.

## 2. Context is as important as content.

The context is made up of four elements which reflect a recasting of the SWOT analysis, normally explored in the order of:

- Compelling Opportunities (O),
- Compelling Threats (T),
- Barriers (W), and
- Bridges (S).



The nuance in this domain is in the way the questions around these elements are asked:

- **Opportunities:** “If we were to change the way we do things around here, what ‘compelling opportunities’ might we take advantage of?” In other words, “What’s ‘pulling us’ to a different world?” This does not mean that we’d actually go after these opportunities – it’s just an exploration of what we *might* do.
- **Threats:** “What ‘compelling threats’ are telling us that we need to adjust what we’re doing, and how?” It’s those things in our current environment – or emerging environment – that are “pushing” us to do things differently. They’re the things we’re exposed to only if we decide *not* to change.
- **Barriers:** “What’s holding us back from being able to take advantage of the opportunities, or even to minimize, eliminate, or mitigate the threats?” These could be **external** factors – regulatory, political, societal, technological – or **internal** factors – workplace customs, history, organizational culture, capabilities, resources. These are the factors that will somehow need to be addressed later on – not now. They are to be considered contextual factors at this stage.
- **Bridges** – “What are the assets and capabilities we have that we can build on that might allow us to take advantage of some of the opportunities we have identified?”

It can be powerful to end on the Bridges as it’s a bit more empowering.

## 3. The power of context lies in shared understanding.

The discussion around Compelling Opportunities, Compelling Threats, Barriers, and Bridges is generally benign, with the assembled strategists sharing frustrations and excitements with the environment, building a rich tapestry of interwoven threads that may seem to be in conflict, and can still exist in the same time and place.

This dialogue normally results in both a shared and richer understanding of the context, and a more cohesive group committed and ready to “shape the future.”

## 4. Painting the preferred future first, avoids extending the past.

Many strategy formulation approaches encourage the strategists to “take stock of the present” before moving to a discussion of the future. When this approach is taken, the team puts issues on the table that have to do with today’s limitations, and while that may be OK, that has very little to do with what’s possible for the future. Even more, talking about today’s reality first grounds the minds of the participants in this limited reality, meaning that any discussion of the future will also bear those limitations, and at best, will be an extension of that limited reality.



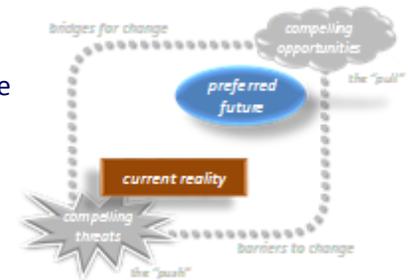
We all have that reality in our minds anyway – we do not need to reinforce it. Instead, we need to break out of that mindset, at least for awhile, to explore “what could be.”

The posed narrative here is, “Project yourself ahead five years (or whatever time horizon you’d like), and reflect on the fact that you’ve been highly successful over the past five years. Things are going exactly the way you’d like them to go. So now, tell me, ‘How do you know?’ What’s going on now (five years out), that tells you that you’ve been wildly successful in fulfilling your mandate?”

### 5. **Strategy is about closing the gaps.**

With the “preferred future” in place, we can now ask, “Relative to the ‘preferred future,’ how are we now?”

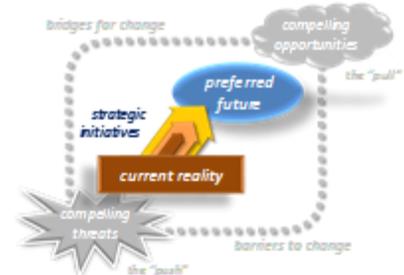
Tying back to the messages of #3 above, now we discuss *only* those things about our “current reality” that relate to the “preferred future.” The issues of today that don’t relate to our preferred future are largely irrelevant.



This step identifies the gaps between our current and future state that need to be closed. The major strategic initiatives then “fall out” very naturally. These are significant themes that will allow the leadership of the organizational unit to transform the business to make the “preferred future” a reality.

### 6. **Strategic action needs to have three horizons.**

The identified strategic initiatives will tend to focus on the longest – or at least longer – time horizons at the highest level. For a government ministry, this might be 20 years (in terms of population themes around education, health, sustainability), or four years (the next election).



If the messages from senior management focuses only on those long term initiatives, the folks at the front line may be interested, and will also identify that “that’s got nothing to do with me in my current job.” No momentum will be built.

On the other hand, if the message from senior management are all about “what we’re going to do over the next 90 days,” the magnitude and power of those initiatives will, by definition be incremental and only a minor modification from the present status quo. No big change.

In this model, the leadership team identifies:

- the major strategic themes that, when implemented, will transform the organization over the next three to five years;
- the major one-year funded projects that are part of the strategic themes and will move the organization in the direction of the preferred future; and
- the 90-day action plan that will begin to build the momentum towards the preferred future – actions that will affect many members of the organization.

At the next level, the “long” horizon might be ten years, five years, or less, depending on the nature of the organizational unit. At the front line, this can translate to one year or less in terms of an individual’s personal strategies, indicating how “cascadable” the model can be.

The end result – at each level in the organization – is a clear understanding of the “content” of the total model:

