

Building a culture of performance excellence



Stephen Haines (L) and Gail Aller-Stead from the Centre for Strategic Management with John A. Grant (R), Grant Brothers Sales Ltd.

How do you build a culture of performance excellence? It takes patience, persistence, and process

Reported by Susan Flynn, Tidewatch Consulting

SLF members and guests attending our half-day session entitled ***Creating a Culture of Performance Excellence*** scored a triple win in the pursuit of learning about strategic thinking, planning, and leadership. This interactive session featured Stephen Haines, well-known author, Founder of the Centre for Strategic Management, and a recognized authority on Strategic and Systems Thinking, and John A. Grant, Chairman Emeritus of Grant Brothers Sales Ltd. (GBS). GBS is a successful 60-year-old family firm and one of Canada's largest manufacturer's representatives. Gail Aller-Stead, a Partner with the Centre for Strategic Leadership as well as a consultant to GBS, shared her insights into the firm's success.

What is strategic planning anyway?

Haines kicked off the session with the basics, posing the question: *What is strategic planning?* Although we use numerous terms such as strategic thinking, planning process, and strategic leadership, Haines suggested that we're really talking about change.

Planning, he emphasized, is only done for one reason: we want different results. He also reminded us that performance excellence is not the result of thinking or of planning; it comes from taking action. In other words, it comes from change. Of course planning is part of it, but planning and change are *not* separate activities. They are inextricably linked from the moment the planning process begins. According to Haines, planning and change are so important that they should be viewed as the primary job of leaders today.

Successful change is an elusive goal

Haines reminded us of the well-known assessment that 75% of major change initiatives are viewed as failures in achieving their intended results. Therefore, a key question we should be asking is: *What do we need to change in the way we plan for change?*

The first change should come from leaders, who must commit to being more strategic in both their thinking and their actions – likely a significant change from their current role. The second change is in the planning horizon, which is no longer a three-to-five year view. In today's world, a three-month horizon may be all we can hope for.

The third change occurs when we recognize the prevalence of the SPOTS (Strategic Plan on Top Shelf) syndrome and rethink not only how we develop the plan, but also (while we are developing it) rethink how we'll get the word out about the key strategic goals and priorities. While the 30-page document may serve to record the rationale behind the plan, our target should be a concise one-pager that communicates the essence of our strategy. And most important of all, we must understand that while thinking without action is futile, thinking is the foundation for strategic excellence. To be effective, however, strategic thinking must be broad, disciplined, and properly focused. Haines says that this level of thinking is actually a science, with 50 years of solid research behind it.

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Strategy is the glue that holds the organization together

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The goal of strategic thinking

To emphasize the importance of the science of Strategic and Systems Thinking, Haines compared organizations to a Rubik's Cube. With six sides and 54 squares, there are a trillion possible moves – most of which are wrong. We call the results of false moves unintended consequences because we do not understand them. And yet, the solution is much simpler than it seems. The Cube is screwed together with six immovable centre squares. This means that you don't have to solve the whole Cube, all you have to solve are the corner squares that are the same colour as the centre squares. These are the leverage points; once you get those right, everything else falls into place. Similarly, the complexity in an organization can be overwhelming. What is most important is not to try to resolve the complexity (nor to ignore it), but to capture and manipulate it in a way that creates order. The goal of strategic thinking is to move from chaos and complexity to find the elegant simplicity awaiting you on the other side. Simplicity wins the game of strategy every time. Witness Southwest Airlines and Jet Blue.

Haines maintains that Strategic and Systems Thinking is a “new orientation to life.” Strategic thinking is broader, longer-term, and takes a more holistic view of the organization and its context. This is very different from analytical thinking which is tactical, reductionist, and constrained by an either/or attitude. While traditional planning processes start with *Where are we today?* and look forward, strategic thinking begins with Backwards Thinking.

Five simple questions

- First and last key questions: Because systems are circular, the helicopter view is key to the first/last question in Haines's five phases of strategic thinking: *What will/may change in our environment in the future?* Answering this question, if you are managing strategically, actually represents a continuous rather than a sequential task. The environmental scan should involve as many change agents and as many diverse views as possible. While unqualified enthusiasts and cynics bring limited value, strategy's best friends are the skeptics. Tempting to ignore, skeptics are often the people who have “been there” and who contribute a useful perspective on what's gone wrong in the past
- First real question: Like the Covey principle (Begin with the end in mind), Strategic and Systems Thinking focuses on the future first: *Where do we want to be?*
- Second key question: *How will we know when we get there?* Identifying Key Success Measures, and knowing how to track them, is key. What you're doing here is putting your customers' needs and wants into a quantifiable feedback system. Consistent with taking a systems view, these key indicators reflect a Quadruple Bottom Line, measuring: employee satisfaction; customer satisfaction; stockholder satisfaction (financial viability); and stakeholder satisfaction (community and society).
- Third key question: *Where are we now?* is the familiar starting point in traditional planning approaches. But with Strategic and Systems Thinking, the answer is much richer. Assessing the current situation involves the traditional SWOT (Strengths Weakness Opportunities Threats) analysis, but it begins on a much broader

level with the environmental scan, which in today's global context requires a helicopter view. Consider how little you see from a jet. Instead, by hovering above the scene, the helicopter captures the big picture with clarity. Strategic and Systems Thinking calls for a similar perspective.

- Fourth key question: The obvious next question is *How do we get from here (today) to there (the desired future – the gap)?* Because we started with the future through Backwards Thinking, the gap we face and consequently the strategies and actions we choose are usually quite different from those we might have started with today, which would simply bring MOS (more of the same).

According to Haines, applying strategic thinking is an Outside-Inside-Outside process. First you are OUTside the organization taking the helicopter view to work ON the organization to understand the environment and clarify purpose. Then you work INside to analyze and take action in the parts and particularly the relationships. Linking back to assess deliverables and outcomes takes you back OUTside to check ON the organization. This is Plan-Do-Check in the classic Deming tradition. Using this approach means strategic planning has now been reinvented. Strategic Management – a yearly cycle of running the business on daily strategic thinking plus leadership plus change – is the new mandate. Haines stressed that while this is not a quick fix, with consistency and systematic application, you will see results begin to take off in two to three years.

Putting the theory to work

In the second half of the workshop, John Grant described the moment he first discovered the value of strategic planning and how he struggled to keep a strategic perspective during hard times. The audience greatly appreciated the frank and open manner in which he shared his insights into what worked – and what didn't.

Grant and Aller-Stead described how Strategic and Systems Thinking is being applied at Grant Brothers Sales today, thereby bringing the theory to life with the clear and practical lessons they conveyed. These included the following:

- Key Success Measures (KSM) are much more than mere targets. They are very important commitments because if you say yes to them, you say no to something else. Therefore a champion must be assigned to KSM tracking and to each key strategy.
- A monthly check-in meeting, where progress on the plan is the *only* agenda item, is essential.
- Strategy is the glue that holds the organization together. Vision and values are often too high-level for people to really connect to them.
- Department goals that are separate and/or different from the collective business plan are a big problem. This leads to analytical and divisive plans and perpetuates silos.
- Structure, to bring discipline to the strategic thinking process, is paramount. Without it, complacency rules.

What does it take to build a culture of performance excellence? In John Grant's words, patience, persistence, and process. 🌀