

Finding Your North Star: The Importance of Intentional Business Strategy

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Julian Chapman, President, Forrest & Company



Strategy Defined

Strategy is the purposeful orientation of an organization toward success in a complex, competitive, challenging environment.

Strategy distinguishes between the important and unimportant while defining an organization in relation to its environment. It is a high level endeavour that inspires stakeholders and clarifies for employees where they need to arrange their efforts to fulfill their roles.

The Myths of Strategy

Strategy is an oft-used word with little understanding of its role and true value. It often means different things to different people and, as a result, it leads to confusion. This paper intends to dispel the myths and mysteries around the term.

Strategy is essential to any endeavour, whether it be a national government, a corporation, or a not-for-profit. As an axiom, all employees exist to fulfill the organization’s Strategy. The problem is that if we don’t know what it means or does, we are starting off from a deficit. Strategy is the most human activity in business – both in creating and following it. When the world is full of robots carrying out activities, Strategy will remain in the realm of human endeavour.

The forming of a Strategy is done at a high level to envision the spirit of the direction of the business, identifying the achievements that will realize its true nature.

It is different from Strategic Planning which, at a high level, translates a decision made in Strategy into a series of related actions through time that mobilize organizational energy around events, organizing resources, and reducing uncertainty despite unknowable changes.

The two processes require different types of thinking. Envisioning and deciding on an endeavour's nature differs from planning the steps to achieve it. It also is the work of two different bodies – the governance and the Executive.

Accountability and Risk

The accountability for the spirit of an endeavour, whether for or not-for-profit, is with the governance body. It chooses the direction of the business, and it is the role of the Executive to take that direction and plan how to achieve it. While the Executive can be involved in deciding the direction, and may make recommendations, the accountability remains with the governance body commonly known as the Board.

The essence of Strategy is choices, and those choices require choosing one path and rejecting all others. Naturally, with this activity falls a shadow of risk. These choices are about envisioning a future and making the call on what that will be. It is about taking risks and making tough calls.

The Failures of Strategy fall into three main causes. The first is that not enough thinking went into the development of the Strategy. A variant of this is that it didn't look far enough forward, and so it merely became a stepping stone. In other cases, the risks aren't thought through, and fear creeps in, causing the organization to waver and drift off the Strategy. The third is where the Strategy is not well articulated, and the organization doesn't embrace it in its execution. For these reasons, Strategy needs to be regularly reviewed, assessed, and kept alive.

Failures of Strategy:

- 1. Not enough thinking*
- 2. Risks aren't thought through*
- 3. Strategy is not well articulated*

Strategy has to look out into an uncertain future. But how well can we predict the future? This is why the Strategy is the spirit of the organization – what it wants to be. It can always adjust as the

circumstances change, but it is about planting a flag in what we are to be about. It is not an annual exercise. Its role is to inform the organization of the decisions they will make to achieve the Strategy. The elements of the Strategy become the criteria, which explore the options on the route to achieve the goals. As such, Strategy becomes the North Star for an organization and its Executive to navigate by. It defines what is important and what needs the attention of the Executive to execute.

The Elements of Strategy

The elements of Strategy explore what the business will be. This includes:

- Defining an aspirational future state
- Establishing goals and objectives along the way to the achievement of the vision.
- Choosing what sort of business
- Clarifying the nature of our customer base and our relationship with the marketplace
- Ascertaining what makes us unique in the market and how to maintain dominance in that area
- Choosing the Values that we expect will drive the behaviour of employees



Each of these elements informs the other as we explore the nature of the business and, as such, we need to resist the temptation to move to action. Frequently, when exploring Strategy, we have to recycle back again over old ground because each exploration can uncover a new insight that informs a fuller picture of the organization.

Strategic Stakeholders

In doing the work of Strategy it is necessary to fully explore the role of the various stakeholders and to consider them in all twists and turns that the Strategy takes. The stakeholders include the shareholders, the customers, the regulators, and the suppliers.

Whether a Board does the work of thinking through and developing the Strategy, or the Executive does the leg-work and presents it, the key is for the Board to decide. In doing this, they need to be able to:

- Make a judgement call to predict how far they can bet on the Strategy
- Challenge the norms and status quo to open up new approaches
- Test to ensure that there are no flaws in the reasoning
- Choose the appropriate level from which to explore the Strategy
- Explore all facets of what is happening internally and externally in the business
- Imagine what the future might look like
- Establish clearly what is good or bad for the organization



A critical role that the Board performs in their functioning is to protect the organization's reputation. Reputational risk presents a huge challenge to organizations in the current world. A damaged reputation impacts investors and customers equally. Therefore, in the development

of Strategy, Boards and Executives need to consider these risks:

- The threats posed to and by technology
- The nature of environmental issues, social responsibility, and governance for the venture
- The importance of managing ethical dilemmas

No strategy can fully protect against these threats but, when the planning begins, contingency plans can deal with these risk issues. In exploring risks, it is important to include an enterprise risk management system that enables an understanding of the risk tolerances of the Board and the Executive. After all, the exercise of Strategy development is a risk mitigation exercise.

In Summary

Strategy defines “what” the organization is to be, and strategic planning is the high-level planning of “how” to achieve it. There will always be tension to drift into the “how” when defining Strategy, but that work can, in turn, colour the Strategy, and so it is best to keep the elements of how at a high level and the detail to be set for the planning phase. The accountability for the “what” rests with the Board, and it is the accountability of the Executive to define the “how”.

Time spent on Strategy is never wasted. It performs a critical function to the life of an organization and it mobilizes the human beings to its achievement. It requires careful thought and then its application through planning and leadership to bring it to life.

Julian Chapman is President of Forrest & Company Limited. Julian Chapman has over three decades of experience leading and managing teams and organizations ranging in size from a few individuals to thousands.

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Forrest & Company Limited

1300 Yonge Street, Suite 310 t: 416.925.2967
Toronto, Ontario M4T 1X3 info@forrestandco.com
Canada