Think!Strat

by *Sundar Sankaran*[*]

People often ask me whether strategy should be “top down” or “bottom up”. In my view, it has to be top down. The head of the organization normally has the most complete view of the organization, the environment and stakeholder expectations. If something goes wrong, his head is on the line. So, it is only logical that he should be the main determinant of corporate strategy.

Corporate strategies that deliver long term results are also strategies that shake up organizations, markets and competitors. Such path-breaking strategies normally are a result of a brainwave. *A bottom-up process, with its implicit orientation towards consensus generation, tends to dilute strategic focus and water down strategic initiatives.*

Does that mean people down the line have no role in determining strategy? They certainly have a critical role. They are the ones who are close to the market and customers. It is they who see ground level change in market trends, customer preferences, competitor behaviour etc. They can hit upon possible customer value propositions even before the customers perceive the need.

These are also the people who need to act upon the strategy. For this, they need to understand the strategy and buy into it. Thus, *people down the line are key influencers – and implementers, of corporate strategy*.

Successful organizations are built on well-thought out corporate strategies, built on inputs from people across the organization and the outside world, and communicated to the people who have the responsibility and authority to implement it.

Most executives in organizations start off in a certain function, grow in the function and develop a mindset of thinking in a particular functional way. Thus, a marketing person would look at sales and commissions, but not necessarily contribution and profits – or product variations, but not the cost impact. The production person would focus on throughput in his line, but not the cost and obsolescence implications of inventory. The finance person would be obsessed with cost of funds, but not credit-driven revenue generation possibilities.

An excessive functional orientation limits the ability to provide the strategic inputs that can help executives generate greater value for their organization. It also affects their ability to grow into general management responsibilities where they assist the organization-head in strategy formulation.

Just as people down the line develop mindsets, so does top management. Organisations (and their people) learn from their successes and failures.

[*] Mr. Sundar Sankaran is Director with Advantage-India Consulting Pvt. Ltd, a strategy consulting and knowledge incubation boutique

They involuntarily develop “strategic frames” through which they view every situation. When circumstances change, the frames too need to be changed – something that is quite often missed. This leads to inflexible thoughts and doomed decisions.

The improved steam engine that James Watt (1736-1819) designed and patented in 1776 is the event which, for most people, signifies the advent of the Industrial Revolution. Actually, Watt until his death saw only one use for the steam engine: to pump water out of coal mines. That was the use for which he had designed it. And he sold it only to coal mines (Peter F Drucker, *Management Challenges for the 21st Century*, Harper Business, 1999, pp 87).

Another impediment in strategy exercises is the personality issue. People and politics go together – and at times they get so closely intertwined that they create barriers to communication and derail the strategy exercise.

Once the strategy has been formulated and communicated, the people down the line need to have the independence and discretion to implement it. Organisations need to promote an environment where the corporate strategy is understood, and people can entrepreneurially implement the strategy.

The “work out” program that Jack Welch conceptualized for General Electric was a good means to break out of mindsets and ensure better co-ordination within the organization. The parallel in General Motors (GM) is Go-Fast, a management tool aimed at transforming the organization. In 2001, GM conducted 3,000 workshops, where 35,000 employees were urged to dump the old way of tackling problems becoming “roadblock-busters” in GM jargon (*Financial Times*).

Outside consultants can play a key role in catalyzing such programs. They offer the benefit of not being influenced by “strategic frames” internalized by the organisation, and are also outside the normal politico-ego realities of the organization. Advantage-India’s Think!Strat is one such option.

Executives in organizations need to ask themselves – Am I getting all the information that I need to form a strategic view about my business? Am I sharing all the information that can have a bearing on my organization’s strategy? Have I understood the organisation’s strategy? Am I able to act entrepreneurially on that strategy?

Heads of organizations need to ask – Do I understand the dynamics of each business that we are into? Do I know the organization’s strengths and competencies? Do I have a view on the future? Has that view been translated into a road-map for action? Have I shared the view and action-plan within the organization?

If the answer is ‘no’ to any of these questions, it is time to conceptualise your own ‘Work-Out’ or ‘Go-Fast’ program.