

PERSONNEL NOTEBOOK

For Your Most Important Resource—The Human Resource

Prepared By:

Human Resource Associates

Employment Consultants

The Skills of Top Managers Part V

In Parts I through IV of this subject, we reviewed the first eleven of what Harvard Business Review identifies as the 13 skills that set top managers apart from others.

Those eleven skills were:

1. **Setting Goals That Inspire Others**
2. **Hiring the Best**
3. **Keeping the Best**
4. **Delegating With Confidence**
5. **Managing Your Time**
6. **Managing Teams**
7. **Appraising and Coaching**
8. **Handling Problem Employees**
9. **Dealing with Crisis**
10. **Developing Your Career**
11. **Becoming a Leader**

In this, part V; we will focus on number 12, Strategy.

12 Strategy

In order for managers to direct people to do the right things, and to do the right things right, they must develop strategies.

Strategy is often confused with tactics. Strategy is the grand plan or method you have chosen to achieve a stated end result, your goal. Tactics are the movements or steps you will take to carry out that plan.

For example, if your goal is to increase sales in the next quarter. You must decide which strategy you will use to make that happen, to achieve that goal. That strategy could be one of the following:

1. Develop sales to new customers
2. Expand new sales to existing customers
3. Develop new products or services
4. Acquire a smaller competitor

If you decide that for the next quarter you will focus on developing new sales to existing customers, that then becomes your strategy.

Now you must identify the tactics you will use to carry out that strategy. Those tactics might include:

1. Identifying which customers could reasonably use other products
2. Offering discounts or sales to all existing customers to try new products or services
3. Sending a flyer or catalog to all existing customers promoting products they do not yet use

Let's assume that you decide to use all three of these tactics. Then your plan for the next quarter looks like this:

Goal: Increase sales

Strategy: Expand sales to existing customers

Tactics: Identify customers with products or services unused. Offer them a discount for using new products or services. Advertise these offers in a circular to all customers.

Let's define the process of creating strategy as "a deliberate search for a plan of action that will develop your business' competitive advantage". Once you have identified your goal(s) you will want to decide on the strategy you will use to accomplish it.

Very few managers in very few companies have much experience formulating good strategy. If that problem fits you, don't feel bad. The main reason for this lack is that once a company has a strategy that works, no one is interested in changing it. "If it aint broke don't fix it" is an old axiom still in practice today.

So if you're not experienced or well practiced at formulating strategy, here are steps you can follow. They involve looking outside as well as inside your organization. This is because the market to be served is on the outside and the capabilities for making the strategy work are on the inside.

1. Look Outside to Identify Threats and Opportunities

There are always threats in the outer environment; new competitors, changes in the needs or desires of customers, demographic changes, suppliers who could cut you off, lower priced products and services that could undermine your business and even economic conditions that could affect the ability of your customers to pay. A strategy must

consider and be able to cope with these threats.

The outer environment also produces opportunities, new technology, an unserved market, new markets, a competitor's unhappy customers and so on. You can scan the market for these threats and opportunities by following these two steps.

- Form a team of executives, a department head and individuals with good insights and industry knowledge. Avoid anyone on the team who is complacent or wedded to the status quo.
- The team gathers the views of customers, suppliers and industry experts looking for threats and opportunities. It's the team's job to look for anything that could threaten the current business or point towards new directions the business should follow.

Then ask these questions:

- What is the current economic environment in which we operate?
- How is it changing?
- What are we best at?
- How can these give us an advantage compared to our competitors?
- What resources (material, labor, supplies etc) will support or restrict our actions?
- What opportunities for profitable action did we find?
- What are the risks associated with each?
- What are our best potential courses of action?

2. Look Inside at Resources, Capabilities and Practices

Your internal capabilities and resources can certainly limit your choice of strategies. Do you have the know-how? Do you have the workforce? Are they

skilled and trainable? Do you have the technology, the equipment and the finances? Do your people have that entrepreneurial attitude or have they been changed by years of rewards for years of service instead of individual performance?

These internal capabilities, particularly the human talent, are too often overlooked by strategists. But the outside opportunities and threats can only be met with the right combination of inside capabilities.

3. Analyze Your Strategies

- Create many alternatives. There is seldom only one way to do things. In many cases, the best points of two different strategies can be combined to make a stronger third strategy.
- Check out thoroughly, all assumptions and questions. Does everyone understand what the issues are? Are there any misunderstandings? Has anyone been left out of the loop? Check information and details before you reach final conclusions.
- Some information is always missing. Determine again just what information you need to choose your best strategy. Then be sure to get that information.
- Discuss and review your strategy choices with the wisest heads you know. Avoid the “group think” or “herd mentality” that plagues too many decisions.

4. Build a “Good Fit” Between All the Resources.

The success of your strategy will depend on the internal capabilities you have identified. Now you must be sure that these capabilities are not just a collection of parts. They should comprise a system of coordinated activities. Is each resource necessary and does each support the others? Are they compatible? Do they

actually work in unison? If you have one weak link in your chain, where do you think the break is likely to occur?

5. Aligning and Coordinating your Resources

Once you’ve determined what your strategy is going to be, your job will only be half done. The other half of creating your strategic plan is all about aligning the people and the activities with the strategy.

Assure that all the individuals understand what is expected of them, how to make that happen and what to do when problems arise. Review, rehearse, test and fine tune all the elements.

Imagine the advantages of working in an organization where every member from top to bottom has the same understanding of your business, its goals and its purpose. Imagine working in a department, group or team where everyone knows that he or she is contributing to this company’s business strategy.

If you are the manager of this group, your role in aligning and coordinating is two-fold:

- **Communicating:** You must tell your story and communicate it in such a way that everyone understands the strategy and how *their* job contributes to it. You want even the lowest ranking employee to be able to explain the goals of your company, what the strategy is to achieve those goals and what his or her part in that strategy is.
- **Coordinate the work processes:** you must align everyone’s activities with the business’s strategic plans. You are the conductor of this orchestra.
 - **Align your people practices with your business strategy:** Make sure you are using and rewarding people

for the achievements you are looking for. If your strategy is to increase the quality of your products but your people are all assigned to short-term, quick-fix jobs, that's not going to improve quality. Rewarding everyone for putting out fires instead of attending to the time-consuming job of quality control will certainly send the wrong message.

If you reward people for trying hard instead of accomplishing the task, or for accomplishing their part while everyone else is failing, you will be working against yourself. Whatever you reward you will get more of. If you reward putting out fires over attending to quality issues, you will have a lot more fires to put out. If you reward effort over accomplishment, you will spend more time and money on effort than on accomplishment.

Rewards come from accomplishments. If you want the team to accomplish your goals, the goals must be met. Recognize and commend fire fighters and those making effort, but focus on rewarding those who accomplish your stated goals.

Be Prepared for Change!

Once you have set your goals, created your strategy and carried it out, you might well cruise along for years without significant problems. But no strategy works forever. Your competitors will copy you, a lower priced product will emerge in the market, a technological breakthrough or a change in the laws may someday undermine your business.

Many of your people, now accustomed to their well established strategy may be unable or unwilling to see when the

strategies have become obsolete. They may not see how the external environment has changed or how customers want something new.

For the top level managers, your strategy creating skills will be an ongoing, dynamic requirement. The process of perceiving the environments, inside and outside, and the process of creating and managing strategy must be permanently embedded in your company and in you.

In our next issue of Personnel Notebook we will present the last skill in Harvard Business review's list of the 13 skills of top managers.

Bill Cook

Human Resource Associates

E-mail: wcook62@comcast.net