Preparing for Strategy in Times of Change

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In our work with clients in a wide range of industries, we have become aware of the need for a tool or experience set that can prepare people to create effective, timely strategies. To meet this need, we have developed a new approach called „Wishes, Weapons, War Zones" (WWW). WWW is an easy-to-use navigational tool that helps companies prepare for strategy formation by guiding the search for insight and facilitating effective dialogue among the many parties whose input is necessary for successful strategy. The WWW process can yield a snapshot of the reality of a given situation, providing a powerful kick-start to the process of new strategic thinking.

WWW comes from three principal elements in the strategic process: Wishes – business aspiration; Weapons – corporate competence or capability; and War Zones – the segmentation of opportunity. The analogy between business and war remains powerful, and its use in WWW provides a clear mnemonic thread to the process of enquiry, alerting participants to the reality and implications of diverse stakeholder needs and perspectives and providing a full context and framework for success.

Until recently, many peoples experience of strategy-making was of an annual, bottom-up process that contributed to the three-year plan. Managers from functional units, within clearly defined geographic territories, knew from peers or their own experience how to research their input and deliver it to the top-down process. They could plan for strategy, freeing themselves from everyday commitments.

Today, although this process continues to form the backbone of fundamental corporate housekeeping, megamergers, issues of accelerated globalization, sudden deregulation, heightened competition, and similar drivers create the need for urgent strategic response at unscheduled moments throughout the year. Managers who are already tasked with meeting demanding short-term performance objectives must now juggle their time to include these longer-term strategic projects.

WWW was developed to help people in this situation navigate their way quickly and effectively to the required response. We have used this approach with companies in several industries whose situations displayed one or both of two key attributes:

• The strategic problem was life-threatening to the company

• The process was being championed by a senior executive or by a task force positioned in a pivotal role between the executive board and local market managers (typically national or regional MDs or VPs)

The value of the WWW approach comes from the simplicity of the metaphor, the focus provided by a structured approach containing eight key elements (see Exhibit 1), and the enabling of a rapid but holistic „first cut" toward insightful strategy. WWW can be used just as a preparation for strategy in times of change, but it can also lead naturally into detailed enquiry. The WWW metaphor acts very much as an orientation tool or road map. It is not intended to be prescriptive or diagnostic, but is a stimulus for initial dialogue within teams. It helps managers better position and explain the implications of issues that they themselves are still grappling to understand.

The WWW Process

The following are the eight interdependent elements clients must consider as they prepare for strategy (although not necessarily in this order). They provide a focus to choose a good starting point for your research and actions.

1. Wishes. Have you clearly defined your short- and long-term objectives in the corporate context? Are needs articulated? Are objectives and strategies (on markets, brands, technologies, products, investments, etc.) aligned? Are success boundaries formulated?

2. Weapons. Have you outlined your current corporate capabilities? Have internal and external people and partners been consulted to identify:

• Tangible assets (e.g., manufacturing, technology, logistics)

• Intangible assets (e.g., brand, culture, knowledge, skills) Are the implications of these assets clear in terms of future success scenarios? Are cultural/political concerns inhibiting optimization of these assets?

3a. War Zones (Current). Have you characterized your current competitive reality? Is this now expressed and quantified in terms of market segment attractiveness? Has intelligence been interpreted from all perspectives (market, competitor, consumer, brand, technology, regulatory, etc.)?

3b. War Zones (Possible or Desired). Have you explored the limits of your company's competitive potential? Have hypotheses about the future market landscape been created and tested? Are these hypotheses based on emerging needs, unmet consumer wants, technology futures, brand possibilities, the legislative environment, and

competitor dynamics?

Exhibit 1

The Eight Elements of Wishes, Weapons, and War Zones
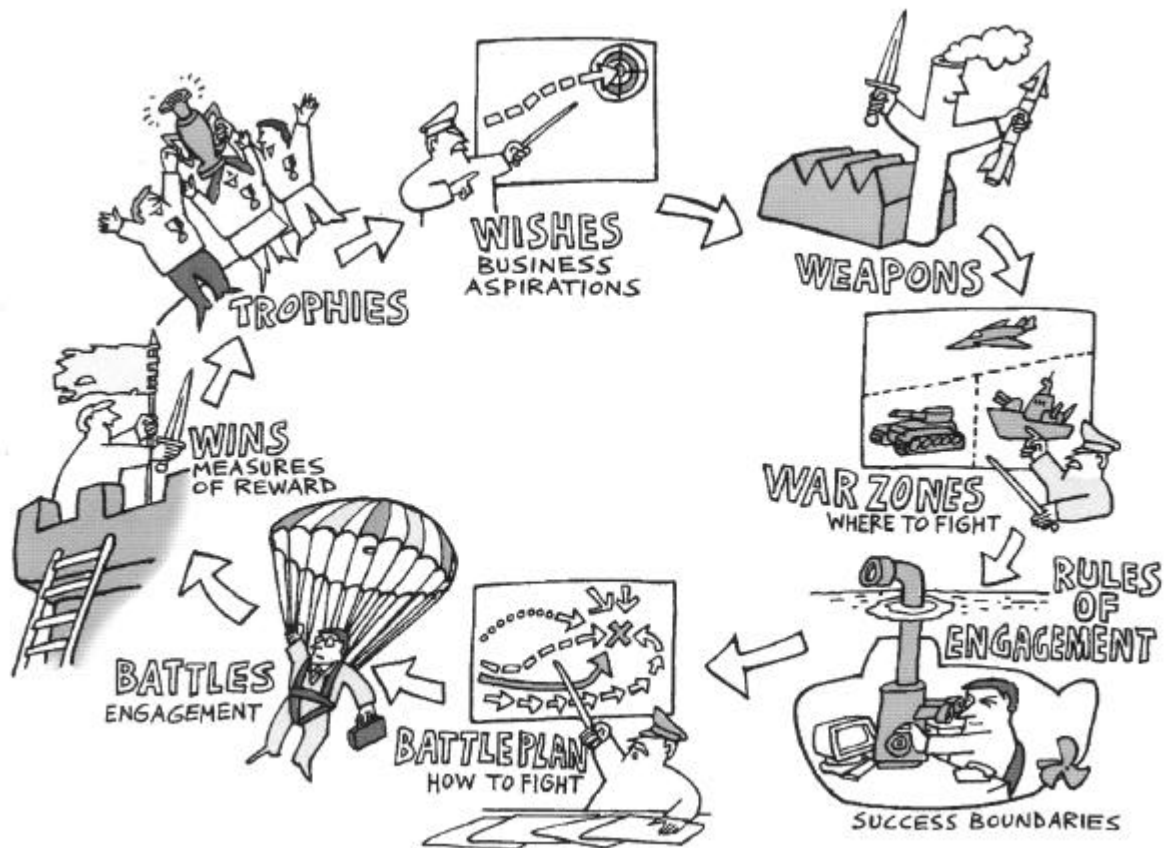
4. Rules of Engagement. Have you defined and prioritized your future success criteria? Have the needs of stakeholders at key opportunity points on the supply line been challenged? Has information from earlier intelligence gathering been assessed and interpreted?

5. Battle Plan. Have you matched potential opportunities to corporate needs (Wishes) and capabilities (Weapons)? Have specific opportunities been characterized and propositions developed? Have priority Weapons been identified for development? Is a process in place to create required Weapons (e.g., the Structured Idea Management approach)?

6. Battles. Has your implementation of Wishes in the marketplace achieved objectives? Are performance measures in place and satisfactory?

7. Wins. Are you measuring market performance and contribution to profit against predefined criteria? How are those criteria selected?

8. Trophies. Is there an explicit incentive strategy (public recognition, bonuses, promotion)? Have you considered other strategies to motivate the desired performance?

The WWW Process in Action

Each company's entry point into the WWW process is different. Some, like the Gas Research Institute (GRI), start at the War Zones phase in a high-level market segmentation exercise. GRI is a US. government-funded organization that provides technology, information, and technical services to the US. gas market through cooperative research and development of new products. It is embarking on a series of major changes to help it deliver competitive returns for investors for the first time, following deregulation and the truncation of public funding.

We helped GRI to characterize and understand the fundamental success criteria of new markets – or War Zones – where it wished to consider playing a more direct role in „Battle." War Zone characterization involves first a classic market segmentation exercise to portray and quantify the current reality of the market, then a

resegmentation based on hypotheses in respect of possible futures, which in turn are based on consumer insight, technology forecasts, likely competitor dynamics, and so on. In GRI's case, we then articulated its Weapon Chest, finding first-rate technology, strong industry connections, and strengths in program management among its business capabilities, resources, and assets. The Weapons phase employed a workshop exercise that elicits and ranks stakeholder needs from all areas of the company. In the same workshop, we established the best match of market opportunity to corporate capability. War Zones that remained tenable were then further scrutinized in the Rules of Engagement, where the full implication of knowledge gained in the segmentation exercises became clearer.

At this point, users of the WWW approach had become fluent with the language of the metaphor and were motivated to use the tool outside team meetings or workshops to facilitate communication with other colleagues. The rhythm for buy-in continued to build. Finally we moved to the Wishes phase, reviewed the requirements of GRI's high-level business aspirations – an ambitious revenue-development strategy for the year 2000 – before creating an implementation plan (or „Battle Plan") to achieve this.

At GRI's 1998 annual meeting, Chairman Jack Little said, „Investment in the future is counterbalanced by a fixation on today's problems in an increasingly competitive energy market." The WWW approach has helped companies such as GRI create action plans that will allow them to manage this short-term/long-term balance in a practical way. More importantly, Little and his colleagues better understand the full context in which future developments will transpire and are now working to „re-arm" their Weapons to ensure maximum effectiveness, not just in their current Battles, played with local energy-distribution companies and equipment manufacturers, but also in the future Battles that will be directly on the „Plough-to-Plate" supply chain.

The WWW language became an enabler of internal discussions and strategy development and gave GRI a tool for efficient, effective dialogue among many parties, which helped in the alignment of a strategic direction in a relatively short period.

Another client, one of the world's leading manufacturers of consumer health and personal products, was having difficulty creating an action plan to implement its Wishes – its vision for a portfolio of global products. The company's decision to impose global Weapons – technology solutions – was at odds with its decentralized decision-making structure (previously a strength among its corporate Weapons). This was part of the reason why a company that had always prided itself on its forward thinking asked ADL to help work out a way to speed up its current pace of innovation, which it recognized as uncompetitive.

Starting again with the WWW wheel, and using interactive question-and-answer sessions in a small-team environment, we identified a key process barrier in the client's Weapons chest: lack of complete intelligence was preventing the company's Wishes from translating to successful Battles. We chose to begin the enquiry process here. However, the local marketers, conscious that they worked for one of the most prestigious consumer companies in the world, and proud of this, were initially defensive in response to suggestions by their directors that some aspects of their processes required attention. The third-party language of the WWW metaphor was a great help in allowing an objective survey of events both inside and outside the company. The language characterizes and brings to life roles that exist in all organizations, such as Field Marshals (chief executives), Generals (MDs of local operating companies), Scouts (intelligence officers), and Trenchmen. Individuals learn to talk about disappointing Battles using classic third-party psychology – as if through another's eyes – in ways that create useful emotional distance on present and past situations. Distance leads to objectivity and progress toward solving the problem.

From Weapons, we moved in this instance to look afresh at me emerging Rules of Engagement in a fast-changing competitive arena. By this stage of the WWW approach, a combination of familiarity with the metaphor, as well as growing team rapport, had enabled open communication and honesty. It was here that the team first felt able to acknowledge that they would benefit from more rigorous, creative insight to shape their strategies. The company needed to better embody consumer and brand requirements into its market propositions and its new product designs. WWW had helped highlight gaps in market „intelligence" and identify me processes that needed improvement. The company was able to understand where it needed to refine or redesign its processes so that it would be as innovative as the new products it wished to develop.

The same company also faced a difficult political problem. As is the case in many rapidly globalizing, decentralized companies, the firm's regional directors were awkwardly placed in the decision-making process. In the past, they had had the autonomy to implement their own aspirations. Now, however, they were required to implement Wishes articulated by others. Furthermore, they faced new communication challenges: they were required to play an almost bilingual role, constantly translating the local field language of their Trenchman – for example, the language of brand personality and consumer needs, which they understood but their Field Marshals did not – into the matter-of-fact business language of the executive boardroom.

Using WWW, the Generals could recognize their pivotal position between the Field Marshals (global decision makers) and Lieutenants (their local marketers), and this helped them frankly reexamine the tools and methods they were using to appraise War Zones and select appropriate Weapons for Battle. They chose to use the visual language of WWW, which preempted the need for recourse to brand jargon, to identify for Field Marshals the fact that inappropriate short-term trophies (deeply ingrained market-share aspirations) were impeding the progress of projects with longer-term goals. They could do this objectively, without conflicts of personality, and flag a strong case for change. Now, management is finding it easier to make more timely investment decisions, which ultimately will lead to a more successful, longer-term reinvention of the company. The thrust to redefine the business is thus truly working top-down and bottom-up, with Generals playing a pivotal role in creating the new Battle plans.

A third client, one of the world's leading food manufacturers, worked with us to better understand and improve one of its key Weapons – its major umbrella brand – before embarking on a new innovation thrust. Initially we found the French, German, and British Generals entrenched and highly protective of their brand positions, reluctant to compromise any local need for the need to optimize economies of scale.

The WWW approach gave the Generals a new context and perspective and encouraged them to stay with a sensitive process of identifying regional brand values, which were motivating for all local markets. Generals found their stamina for this process by recognizing that the Field Marshals' apparently undesirable global Wishes matched well with their own understanding of their chances for success in Battle. With the different perspectives aligned, the process of together creating competitive opportunities was smooth, and we were able to deliver new branded-product concepts that were focused and distinctive.

Even in normal circumstances, most companies experience difficulty maintaining good communication. In times of major or rapid change, risks are exacerbated and personal tensions and insecurity increased. Companies need particularly effective communication to demystify the change process and enable staff to feel comfortable, share the vision, make inputs into the process, and work together efficiently.

In the article „Strategy in a Time of Change" in the Third Quarter 1997 issue of *Prism*, the authors lay out six rules for strategy development. The first of these is that strategy development must force participants to assess their true strengths and weaknesses honestly and completely. *We* see WWW as a tool that can help organizations gain more complete understanding of their business positions, find opportunities, and make decisions openly. Above all, it can help companies win the benefits of collective creativity and better communication. All parties can learn to access the extra dimension of insight to create successful strategies for their future.

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