



ITS ALL ABOUT PEOPLE

Battle Plan

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This week's Wall Street Journal proclaimed "strategic plans lose favour in the current economic environment" which makes it official. Strategy is dead!

According to a partner at McKinsey and Co there is no longer time to "predict the future" and anyway the future is too uncertain. It's all about quick adaptation and responsive decision making. The article reported that some companies have created what they call "situation rooms" to monitor current events and support quicker decisions. I wonder if I can justify one of those at HRMC where consultants sit around, sip cappuccinos and monitor the situation – shouldn't think there's much money in it but it sure as hell beats a normal humdrum day at the office and would definitely cement our position as an employer of choice.

We sat down to our own strategy session this week, but in keeping with the current trend (about 2 days old) we renamed it a think-tank – not very original, I know, but I am waiting for some direction as to what the replacement buzzword for short-term operational planning will be. The Wall Street Journal, failed to tell us, including what will supersede strategy. Let's face it, though, the paper is right - it is finished. Strategy as we know it tends to conjures up a corporate image of enthusiastic teams of employees slogging out a vision, mission, values with the company throwing in a SWOT analysis just to keep the participants depressed. There used to be a sexy notion of an exciting, dynamic future, now its just drab, boring and yesterday's news. So seeing that the Wall Street Journal had declared strategy dead and buried, I felt justified breathing fresh air into the process of deciding what we should be doing and how. I challenged the team to think no longer that 18 months and one of the reasons is that we are developing our products and services so fast that what we can offer and do changes within days. Gone are the 'where do you see yourself in 5 years' time?' question. Now it's 'lets see what we are dealing with as and when and we will tell you with the benefit of that wonderful predictive gift – hindsight'.

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The reason the old model doesn't work is because our traditional strategic approach presupposes that we are able to predict events. According to the author of *The Black Swan*, a book about the random events that underlie our lives and how almost impossible they are to predict "our cumulative prediction errors are monstrous – we produce thirty-year projections for social security deficits and oil prices without realising that we cannot even predict these for next summer". Yet that's how we continue to handle strategy – it's what we know, what we have been taught and therein lies the problem. The book goes on to say that contrary to social-science wisdom, almost no discoveries, no technologies of note, came from design and planning but through tinkering and recognizing opportunities when they present themselves'.

The new cynicism that has greeted strategy planning as we know it is reflected in the declining sales of business books and the declining revenues of many strategic management consultants. There's a back-to-basics approach sweeping the business world. Central to this is avoiding management fads and strategy bandwagons in favor of unique, customised flexible options able to exploit idiosyncratic advantages.

So if it is impossible to predict the future, we need to stop doing it. Think 9/11, Haiti, credit crunch, collapse of Lehman Brothers, Mugabe still in power, Bernie Madoff, Swine Flu, oil prices...you name it, the world is in flux, the territory is unfamiliar and strategy needs to be less about plotting a destination we can't possibly see and become more about what opportunities do we see now and how do we take advantage of them. This requires our organisations to be more flexible, fast changing, innovative and completely adaptable. And it's difficult to strategise adaptability because it's not a destination, it's a mindset.

You may think where does that leave the business owner, the venture capitalist and the entrepreneur? If future success is impossible to predict, why or how would anyone take the plunge, develop a new product, enter a new market or create a new venture? And why are so many already doing it?

According to Colin Coulson-Thomas, author of *Shaping Things to Come* the business world of the new millennium presents unrivalled opportunities for those who dare to be different. But to succeed requires a new approach to business, a new attitude and a new confidence. Benchmarking, copying and 'me-too' activities are not the way to market leadership. Customers now demand greater responsiveness to their particular requirements and bespoke products and services. To meet these needs he says, companies must innovate, innovate, and innovate. As your customers change and adapt, you have to as well.

But it's not easy to give up the old way of doing strategy. Our old model had the past as its starting point; what did we do then and how do we move on from there. Finance people want to look at the budget from last year and use that to map out the next. Old product developers look at what they have got and use that as the springboard to the future. Wrong focus. The past is gone – that was yesterday's reality. Keynes said "There are two types of economists, those that don't know and those that know they don't know." My mantra for this year is similar – there are two types of strategists, those that don't know and those that know they don't know.

Business is more of a battlefield now than ever before so let's leave the last word to a real soldier. General George Patten declared that 'plan today is better than a perfect plan tomorrow'. And when you think about it, tomorrow is always going to be the day after today.

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