Welcome to our latest bulletin, in which we focus on operationalising strategy.

In our lead article Peter Boggis and I argue that there is more to operationalising strategy than making structural changes, redesigning processes and training staff. For strategies to be truly successful, leaders need to create the conditions that enable the organisation to pull itself to a different future – a future that not only reflects the strategic intent, but also becomes operational reality.

In our second article we share Steven Kerr's views on one of the principal reasons strategies fail. First published in 1975, On the folly of rewarding A, while hoping for B, *offers insights that are as valid today as they were then.*

Finally, we review The Power of Pull *by John Hagel, John Seely Brown and Lang Davison, which gives an interesting perspective on how small moves, smartly made, can set big things in motion.*

As always, we welcome your feedback.

Best regards
David Trafford

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About Formicio

We work with people who want to improve their organisation's future.

We provide thought leadership and thought partnership on all aspects of formulating and operationalising strategy.

Operationalising Strategy – *Turning strategic intent into operational reality*

Should strategies be operationalised or implemented, and what's the difference? ask David Trafford and Peter Boggis in their recent article.

Essentially, the purpose of any strategy is to define three things: a target future, a business case and a set of changes needed to realise the target future. If the strategy is accepted, the focus moves to implementation or, as some prefer to call it, execution: the assumption being that if the changes outlined in the strategy are implemented, the target future will be realised and the business case delivered.

For some strategies this is indeed the case; for others, it's not so easy. For example, if the strategy was to reduce operating costs by closing a plant or divesting a business division, implementation is relatively straightforward: plans can be developed and progress easily measured against them. But what if the strategy was more transformational requiring a fundamental change of trajectory? In these circumstances is it really possible to set out detailed plans and execute against them? David and Peter believe, no.

They argue that the weakness of this 'push' approach is that it assumes that organisations are deterministic and 'programmable', and that successful change is achieved through the execution of a series of steps; where the completion of each step takes the organisation closer to its target state.

Yet we all know that organisations are not static or predictable; they are dynamic systems that respond – often in unforeseen ways – when attempts are made to change them. As a consequence, a change plan is always out of date. The push approach therefore has a number of limitations, the most significant being that it doesn't create a context where people can exercise their judgement, apply their experience and use their expertise to 'pull' the organisation to its target (improved) future. Plans are of course necessary, but in themselves they are not sufficient.

Successfully operationalising strategy requires a set of conditions to be in place: conditions that enable everyone in the organisation (to varying degrees) to 'pull' the present into the future. It's about creating a context for turning strategic intent into operational reality.

To read the full article in which they describe six conditions for successfully turning strategic intent into operational reality, click here.

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On the folly of rewarding A, while hoping for B

Some articles are classics and this is certainly one of them. First published in 1975 and reprinted in 1995, Steven Kerr gives a fascinating insight into why many strategies fail to deliver their intended outcomes.

Our approach is to help our clients find solutions that work best for them, while keeping them true to their intent.

Specifically we can help clients:

Confront their organisation's default future.

Explore alternative futures that are not only better, but achievable.

Establish the conditions necessary to successfully operationalise strategy.

Develop the organisational capabilities needed to sustain the target future.

More details can be found on our website.
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Parting thought

"The difficulty lies not so much in developing new ideas as in escaping from old ones."

John Maynard Keynes
British economist
1883 – 1946
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The premise of his article is that all organisms – whether they be monkeys, rats or human beings – seek information concerning what activities are rewarded, and then seek to do (or at least pretend to do) these things, often to the virtual exclusion of activities not rewarded. The extent to which this occurs being dependent upon the attractiveness of the rewards offered.

In his article he gives a number of examples from politics, medicine, sport, education, consulting and business of rewards systems that are, in his words "fouled up", in that the types of behaviour rewarded are those which the rewarder is trying to discourage, while the behaviour desired is not being rewarded at all.

In one example, he cites the expectation that university professors will not neglect their teaching responsibilities yet are rewarded almost entirely for their research and publications. While the mantra "good research and good teaching go together" is often quoted, the reality is that professors often find that they must choose between teaching and research-orientated activities when allocating their time.

He also gives examples of the most common management reward follies, including: hoping for *total quality*, but rewarding for *shipping on schedule, even with defects.*

To read his full article where he also gives an explanation as to why fouled-up reward systems are so prevalent, click here.
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The Power of Pull

The tagline for John Hagel, John Seely Brown and Lang Davison's book *The Power of Pull* is *'how small moves, smartly made, can set big things in motion'.*

In the book they argue that the mechanisms are now in place to enable a shift that has been talked about for many years: namely the shift in power from institutions to individuals. A shift that has been made possible through the Internet and social media. They argue that individuals and organisations can no longer rely on the stocks of knowledge that they have carefully built up over the years, and that they need to learn how to tap into the stream of information and resources that are now readily available.

Through a series of examples they illustrate the three levels of pull. Firstly, *Access*: which is about the ability to fluidly find and get to the people and resources when and where they are needed. Secondly, *Attract*: which is about attracting people and resources that are relevant and valuable, even if we were not aware before that they existed. Thirdly, *Achieve*: which is about achieving better performance faster by bringing the broad array of complementary people and resources together in what they call a 'creation space' – rapidly forming ecosystems that span institutional boundaries.

The argument made in the book is compelling. People and resources can become connected more easily today than at any time in the past, and that this will continue to be the case. The challenge is bringing them together in ways where small moves have a big impact.

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