

Strategic Planning vs. Strategy Delivery

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Today I was thinking about the book 'Good to Great' by Jim Collins. I was discussing business leadership and process improvement with a group of professionals in Jeddah, Saudi Arabia. In the book, approximately 220 firms had been surveyed to understand what attributes kept top performers in the highest rankings based on EPS earnings continuing to grow for extended periods. Only eleven firms could meet the criteria consistently. The main reason for continued success for these firms was leadership that supported continuous improvement while giving lots of credit to those in supporting roles for being strong leaders more often. Then jump ahead about 20 some years and we see ZERO of the original 11 firms still command the top positions and are no longer out-performing peers. The secret how they got there, AND why they eventually fell off that prestigious list, is leadership with a servant heart, being a coach more often and encouraging others in the firm to grow their skills. When these firms eventually changed leadership personnel, due to retirement etc. the environment and priorities also changed, leaving a void in the drive to continually improve and compete. Every one of the 11 firms who had been shining stars previously had lost their edge.

The question in our classroom was how do businesses maintain regular growth, achieve competitive advantage and profitability for more than a few months? These professionals in our workshop were all too familiar with the age-old problem of "program-of-the-month" thinking. The latest hot topic in business drives lots of interesting discussion, conjecture really, about what is best, what will work and how quickly it might make an impact. Some of these things are important, but short-term thinking alone doesn't last.

Real change comes from having a long-term vision. Southwest Airlines did not become a market leader in 2 years. Nucor Steel emerged as a market leader in a relatively short time span not because they were fast, even though they had a great sense of urgency in their industry, but because they had a long-term vision AND, because they measured their ability to implement the activities they identified in their strategic planning. Beyond having a solid strategy, leaders need to commit to delivering the strategy to see it through. Too often the strategy playbook sits on the shelf collecting dust once it has been blessed.

I was recently in the office of a CEO where the firm was struggling to produce results. Outside the CEO's office entrance on the wall was a strategic initiative display, with on-time delivery as

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one of twenty five initiatives overall, to drive improvements for on-time delivery. They had a stated goal of 95% and were averaging around 65%. But, here was clear evidence, that this topic was not getting focused attention and in fact by letting the factory stop collecting information, this sent a clear message to employees that this effort was not really a priority and no new results would come from it. So much for the Strategic Plan shown on the CEO's wall! This is a common problem I describe as a syndrome of unfocused leadership.

I call this syndrome Working In the Business Syndrome. Productive change requires real focus and effort, on a regular basis, beginning with Strategic Planning coupled to a clear directive to implement and track progress. Coupled with real hours spent and real efforts measured about how they are working ON the business, not just IN the business. When leadership focuses only on the day to day business, they focus on what got shipped today, what got produced today, what got sold today, they miss the big picture, how do we compete, what makes us sustainable?

Working ON the Business takes commitment to long term thinking, slow and continuous process improvement in small incremental steps every day. If that sounds a lot like LEAN, it's because it is. It takes more than having a strategic plan and a plan of the month. Long term gain requires leadership focused on actual daily outcomes to see results. Interestingly, focus gets results every time. If you meet daily goals, you will meet weekly, monthly, quarterly and annual goals easily. I know another firm who gradually improved their on-time performance from roughly 55% on-time to a predictably constant 98% on-time even while experiencing 10% YoY growth and adding of new products too. And in the process of making those gains, they reduced their order fulfillment lead time from 12 weeks to 4 hours average with a 70% reduction in inventory. That is Working On the Business!

Lets get together to discuss how to deliver effective strategy, not just develop a really great plan that sits on the shelf.

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