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Strategic Planning: Choosing The Right Lessons

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On the surface strategic planning looks like a straight-forward, rational, almost scientific process. We take an objective look at our circumstances, define where we want to go, and lay out the priorities for getting there.

Thus, when strategy fails, we are prone to blame the failure on faulty execution. After all, the plan itself was thought through carefully and rationally.

Recently there has been considerable finger-pointing at faulty execution, spurred in part by the success of books like *Execution* by Larry Bossidy and Ram Charan.

But in his book *Why Smart Executives Fail* Dartmouth business professor Sydney Finkelstein warns against being overly eager to blame strategy failures on execution. After examining dozens of major business collapses, he discovered that many of them deserve high marks in how well they carried through on their strategy. The problem was in the strategy itself, most commonly because of "blind spots" on the part of the "strategizers."

Learning the Wrong Lesson

When we factor in the hearts and minds of the "strategizers," the development of strategy sometimes loses its supposedly "objective" quality. As we sit down to plan strategy, our biases and experiences inevitably color the plans we develop. They become the filters through which we look at the past, present, and future.

Whether that's a good thing or not depends on two things: first, how well-informed our biases and experiences turn out to be and second, how easily we set them aside when data and reality disagree with them.

In this regard, no mistake is more damaging than to draw the wrong lesson from the past, then project that lesson into our strategic plan. We can learn the wrong lesson from both failure and success. This typically occurs because we focus so intently on prior failures or success that we overlook critical ways in which current or emerging realities differ from those in the past. Let me offer some examples.

Preparing for the Wrong War

As a mid-career naval officer, I studied strategic planning at the Naval War College. One seminar traced a centuries-long tendency for military organizations to spend their

peacetime years and energies revisiting their last major conflict. They look intently at places where weapons, training, and organization proved inadequate, then give themselves to overcoming those short-comings.

Unfortunately, their next war turns out to be altogether different from the previous one. It calls for an entirely different mix of weapons and tactics from the ones they've spent years developing. So once again they find themselves in the middle of a war for which they are improperly equipped and organized.

In cases like these, military planners gave too much weight to past failures, not enough to emerging realities. The same mistake can be made in learning from success in the past.

After Napoleon's brilliant campaigns, American generals, like commanders everywhere, began adopting his tactics. However, they did not allow for the fact that the power, range, and accuracy of firearms was evolving rapidly. Thus, the carnage of the Civil War, the result of opposing lines standing only paces apart, blasting away at each other.

Today when we watch movies or reenactments of Civil War battles, we think, "What a dumb way to fight!!" But what we are seeing is the result of strategists applying Napoleonic tactics without allowing for the dramatic evolution of firearms that made his once brilliant tactics foolhardy.

Don't Confuse Snapple with Gatorade

Lest it seem that I'm picking on the military, let me point out that similar examples from the business world are legion. To cite a single instance, the recent history of the Quaker Oats Company offers a stellar example of a "wrong lesson learned." Having made a fortune with Gatorade, Quaker concluded that it knew how to market alternative drinks.

So when the opportunity presented itself, Quaker gobbled up Snapple, confident it could repeat the Gatorade success story with this new product. Instead, Quaker's foray into Snapple ended up losing the company well over a billion dollars.

From the outset Quaker did not adequately allow for the fact that Snapple reached a unique target market through a rather non-traditional distribution system. When Quaker tried to impose its highly successful Gatorade marketing approach on Snapple, the distributor network rebelled and the results were catastrophic.

Making a Reality Check

We could endlessly multiply such instances of the "wrong lesson learned." But I think you can see the pattern in the examples we've offered. So what do we take away from these stories? Should we just forget about learning lessons from the past?

Not at all. Experience is nothing more than the compilation of lessons learned from success and failure. But alongside the question, "What have we learned from the past?" we need to be making a follow-on query: "Is there a compelling reason to believe that the lesson we learned is still valid? Or that it is valid in this instance?"

I know dozens of non-profits who are still pursuing fund-raising strategies that worked magnificently for them 15 years ago, but those same strategies are returning lackluster results today. Yet, because of their past success with those strategies, the organization is unwilling to abandon them.

I know older leaders, highly successful in the past, who are losing their effectiveness because they have not allowed for changes in the workforce and with it, a change in the way today's workers are motivated to optimal performance.

I know far too many businesses that still are not adequately addressing the impact that globalization is inevitably having on their industry. What has worked for them in the past, they believe, will work for them in the future.

It's all a pattern of learning the wrong lesson from the past. In the field of historiography (which studies how history is written) there is a principle that "we never develop a new view of the future until we first develop a new view of the past."

So long as we rely on faulty lessons learned from the past, our plans for the future – strategic or otherwise – are also bound to be faulty. And no amount of outstanding execution can overcome the deficiencies of having the wrong plan to begin with.

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