

An Ear For Strategy

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Some people are unable to appreciate art - like music to the tone-deaf ear. Among the majority who do, however, there are some who have actually studied art appreciation. They know the finer points and techniques employed by the masters. They are a fountain of knowledge if you visit an art museum with them. We all know people like this.

Some folks even feel the urge and have the guts to try it themselves. In the USA alone it is estimated that more than forty million people have taken up the artist's brush for some period, even if it was just a brief paint-by-numbers affair. That's 20% of the population. Many of them continue the activity as a lifetime hobby; but virtually none become recognized, and fewer yet gain master's status.

We call painting a creative art. Technique may come from books and practice, but great art comes from deep inside - from some place almost nobody ever finds - or maybe even has.

Strategy is like that too. Real strategists are wired differently than others. They must be born that way or taught to think that way at a very young age. Though they may not emerge until later in life, they are not made in later life. They see things that are invisible to most, and unfortunately remain invisible to many: the tone deaf in the strategy world. Great strategic thinking is a creative talent, it is not a learned skill.

Like the art master who combines color, texture, media, image, lighting, concept, emotion, and whatever else into a unique, profound, and lasting statement - the creation of a great strategist is an integrated composition of many elements that fit with the underlying forces of the business environment.

Michael Porter attempts to put business strategy in its proper context in the Nov/Dec 1996 issue of Harvard Business Review. *What is Strategy* provides a definitional framework for unique, sustainable, effective business strategy; and clearly distinguishes strategy from what Porter calls *operational effectiveness*: the quest for productivity, quality, and speed. He believes both are necessary for superior performance; but sees too many people confusing operational effectiveness programs like TQM, lean, and virtual enterprise with strategy. Strategy is a business design concept. Operational effectiveness programs are technique improvements.

Southwest Airlines is a frequently cited company when real strategy needs a classic example. They stand alone in the entire airline industry for their unique market

positioning (We'll get you there faster and cheaper) and, very importantly, the integrated set of business activities they employ to deliver on that position (see Porter's article). The others chase shallow concepts that are easily and immediately copied - forcing each into a downward profit spiral.

Why does Southwest stand alone? What they do is clearly evident to everyone. Why hasn't another airline stepped forward with an equally effective business strategy? Why hasn't another airline been able to copy the Southwest strategy? If airline executives read Porter's analysis, will this picture change?

I suggest that someone at Southwest has the talent of innate strategic insight. Looking at the result and analyzing it is very informative, just like art appreciation classes. But attempting to be equally creative in developing a different but equally effective strategy at another airline will require a person with similar gifts. For sure there are gifted people in the other airlines, too; but their talents lie in other areas. Reading an analysis, no matter how complete or accurate, of good strategy will not give spontaneous birth to equally gifted strategic thought. But it could develop a cadre of people who can appreciate and demand good strategy.

Porter argues that a good strategy is uniquely complex; and that that is precisely why it remains effective and sustainable and extremely difficult to duplicate. It is also this complexity that provides the essence of customer value while supporting a profit. Welcome to the edge of the millennium. There are no simple answers left. There are no recipes to be followed, no ten-step programs, no silver bullets if you want sustainable successful performance. When you think there is you end up doing the same thing as everyone else does who follows the same road map. Paint by the numbers is not valuable art.

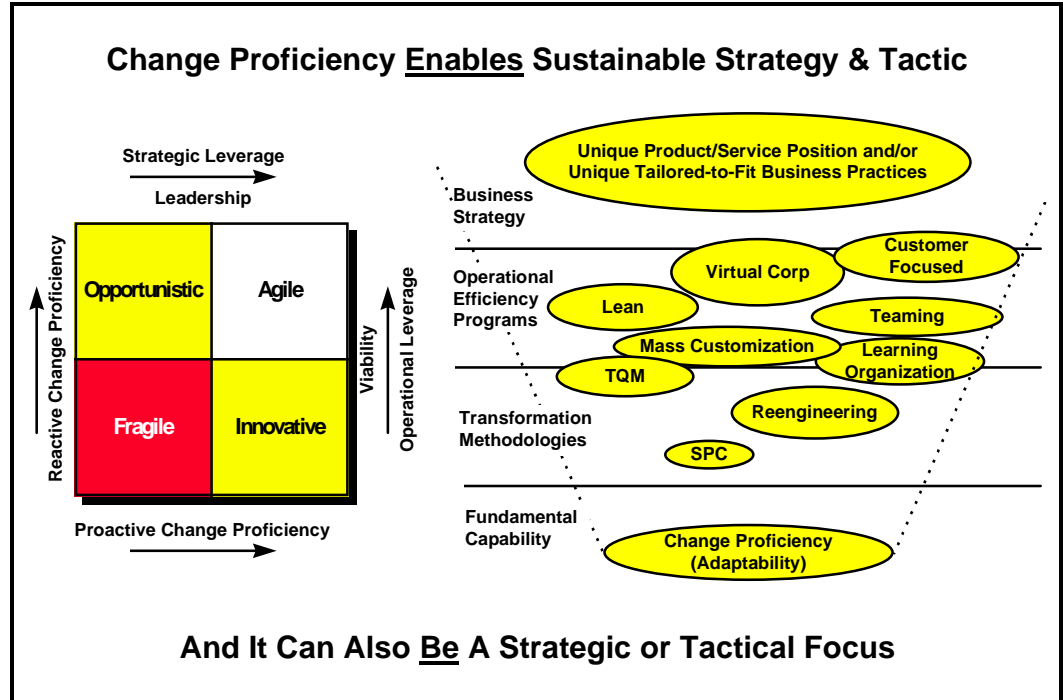
There are no short cuts for thinking, and no substitutes for talent.

We are interested in strategy right now for a number of reasons:

1) We are about to embark on a year of mutual exploration of change proficient techniques in this column - to find out how to make things more Agile. Once we understand technique at some of the more proficient companies, maybe even some masters, we will explore strategy in more depth.

2) The last decade or so has been dominated by a necessary focus on operational efficiency programs. But now that progress has been made, companies competing on lean and TQM implementations, for instance, are chasing after diminishing profits. This dawning realization is turning executive focus back to strategy.

3) Our perceptions of strategy need updating because time frames in the business environment have changed. Porter argues that strategy still requires coherent design and a decade or so of stability; but he shifts the focus of stability to the framework of the strategy, which must accommodate "an ongoing effort to extend its uniqueness while strengthening the fit among its activities".



4) Strategy concepts also need updating because operating practices have changed. Self direction, empowerment, and teaming are important concepts that need to be factored into the strategy development and implementation equations. No, I do not believe a great strategy can be designed by consensus - anymore than a great work of art can emerge from a painting committee. Dow Corning has learned that creative teams require leadership - and suffer immensely when consensus is required. One mind in the end must take total responsibility for creative coherence - though a team of critics and patrons may provide crucial inspiration and focus.

5) Most people are confused about strategy. Some are simply tone deaf, while others can't distinguish great strategy from simple no-brainer recipe following. We want to establish a context here for exploring the proper use and place for change proficiency. Change proficiency is seen by some as an operational efficiency program (a tactic?), and by others as a strategy. Is it one or the other? The recent case study of Remmele Engineering contained in the Agility Forum's Agile Enterprise Reference Model clearly shows an integrated dependence on change proficiency for the corporate strategy; while modeling the enterprise as an interdependent set of critical practices that embody that strategy. Another Forum project cataloged an 80-case Reference Base of Agile Practices at the operational tactics level. We subscribe to the belief that change proficiency is neither strategy nor tactic per se, but a more fundamental concept akin to value generation: required for continued existence.

So does this mean there's no hope for you unless you capture and enslave a real master strategist - keeping him in the basement in chains - blindly following whatever incomprehensible tangled web he weaves? Yes, that is precisely the message, if you're one of the cheap shot boys, looking for the silver bullets, asking for the ten step path to nirvana. You are among the tone deaf, and should come to understand your handicap.

On the other hand, if you believe that business is a game of wits - one worth studying, one that takes hard work as well as talent - and if you can appreciate talent when you meet it and good strategy when you see it - and feel secure knowing that some people see things that others don't - there is hope for you.

Change proficiency is a design concept. We will explore examples of it here during 1997. Art appreciation for those who grasp the concepts, master's classes for those developing their insight.

Previously we have built and explored models for change proficiency that include both proactive and reactive categories. Here in conclusion, and in keeping with Porter's two performance requirements, we suggest that proactive change proficiency provides strategic leverage while reactive change proficiency provides operational effectiveness (tactical?) leverage. This thought will be developed further in our 1997 discovery workshops as we look for underlying principles of change proficient practices and the ways in which these practices benefit a corporation. Your suggestions for discovery workshop sites are solicited, as is your participation on the discovery teams.