



Chapter 14.

What Good is a Radar If You Can't Read The Screen?

*Men stumble over the truth from time to time,
but most pick themselves up
and hurry off as if nothing happened.*

- Sir Winston Churchill

At least once a year, and perhaps more often for some firms, senior management should conduct a complete strategic review of the business. Almost all successful companies call some kind of annual “time-out” for a retreat in which the top team puts aside the cares and concerns of the daily struggle and pays attention to the big picture. For many executive teams, this is an opportunity to clarify their focus, reset key priorities, rebuild their sense of teamwork, and rekindle their own energy and enthusiasm for the mission of the enterprise.

Too many executive teams, however, never quite get around to the strategic review. Hypnotized by the daily problems and pressures, they feel “We don’t have the time,” or “It’s too much of a hassle to get everybody together,” or “We pretty well know what our issues and problems are; we discuss them every day, so we really don’t need a special meeting.” By passing up the opportunity to rethink and rededicate, they are basically assuming that the strategic direction will somehow evolve from the sum total of the decisions they make every day. This is a dangerous assumption.

Bifocal Vision

In my book *The Northbound Train: Finding the Purpose, Setting the Direction, Shaping the Destiny of Your Organization*, I presented a strategic planning model based on the idea of “bifocal vision.” This is the ability to look beyond the day-to-day issues and think strategically, and also to pay attention to the immediate priorities for action.¹

Every executive and every leadership team needs bifocal vision.

The whole purpose of your corporate radar is to make this bifocal vision as acute as possible, and to make sure it results in a clear understanding and consensus on the challenges and opportunities facing the enterprise. Assuming we have all eight radars tuned up and working — imperfectly, to be sure — we now need a way to extract meaning from their messages, and to share that meaning with everyone in the organization who needs or deserves to know it.

Assembling the Radar Data: the Basic Annual Strategic Estimate

Eight channels of information are too many for most human beings to follow at one time. Trying to pay attention to all eight of your corporate radar screens at once, and for any length of time, would be about like trying to listen to eight radio talk shows or watch eight TV documentaries at once. It may be fascinating, but eventually mental fatigue will set in.

You need a way to reduce, distill, simplify, focus, and interpret the critical messages of the environment so you can take advantage of the lessons they have to teach. You must keep your radars scanning all the time, but you also need to “freeze” the picture from time to time so you can share it with your people. The better the managers and staff understand the business environment, the better chance they have of aligning their efforts to the strategic direction of the firm.

I believe that any business larger than a handful of people should document and distill the results of the environmental scan, in a readily readable form — let’s call it the Basic Annual Strategic Estimate, or “BASE.” This is a very carefully prepared, thoughtfully written statement of “what’s going on out there.” The content and presentation of the BASE will depend on management’s interpretation of the various radar channels, and the preferences of the top team for digestible information. It could range from a single page for each of the eight radar channels, plus a simple summary, all the way to an extensive analysis and discussion of the findings.

In general, it helps to keep the BASE reasonably concise; otherwise reading it becomes a chore. Often, less information creates more value. Drowning the executive team in facts and figures, charts and graphs, and detailed analyses makes it difficult for them to find the few critical insights that can help them shape the business. Also, the act of distilling the radar information leads to valuable insights. Explaining something in very concise terms forces you to get to the core of the idea.

By the way, who should actually prepare the BASE? Answer: the executives of the firm. I hold some very strong views about the way strategic thinking, planning, and marketing should be done. I maintain that the process of transforming the radar data into valuable insights about the future of the business is an inseparable part of the intellectual leadership the firm’s executives must provide. I recommend against delegating the BASE to a particular department or task force. The executive team

should serve as the task force.

In the next section I will describe two methods for having the executive team divide up the work of interpreting the radar inputs and combine their results to create the BASE. One way is to prepare a draft of the BASE before the strategic retreat, and refine it during the meeting. The other way is to devote part of the meeting to defining the content of the BASE, in a workshop setting, and having the BASE finalized and published as part of the follow-up to the retreat.

In designing the actual content and layout of the BASE, we need to consider the various ways we might use it and the various people who need to have it. Issues of confidentiality and trade secrecy come into play here, but being overly secretive about the information can limit its value unnecessarily. A competent and insightful description of the business environment could be valuable to your competitors, but so long as the BASE deals only with the business environment and does not disclose your competitive thinking, a high level of secrecy is probably not useful.

The BASE should, above all, be simple and readable. It is the distillation of a large amount of evidence, speculation, projection, and insight, not a dump of the raw radar data. It does not need long, rambling philosophical dissertations on various business issues. If these are necessary, consider putting them into a separate backup document. Likewise, put in-depth factual material into a backup source. A few critical facts and observations, plus a sense of what they might mean, is usually adequate to present an issue for executive review.

Interpreting the Big Picture: the Annual Strategic Retreat

As I've mentioned, I strongly recommend a formal annual strategic conference, or retreat, as a way to focus executive attention on the business environment and build consensus about what the signals are telling us. The format and agenda for the retreat will vary according to the overall approach the firm takes to its strategic planning process. The timing of the retreat may relate to other major parts of the planning process, such as a managers' conference that brings all department or field managers together for two or three days. A published strategic plan, plus any operational planning process or budgeting process, all have to come together in an effective planning methodology.

Specific methods for conducting the annual strategic retreat are beyond the scope of this discussion, but we can summarize a few key points that deserve careful attention. First, the BASE is just one of several key inputs to the strategy formulation process. The top team also needs to consider the *organizational scan*, which is a review of the firm's capabilities, culture, and leadership. The organizational scan tells us what the real strengths of the firm are, aspects that need development, and issues the top team needs to deal with for the firm to carry out the mission successfully. The retreat may also include the results of an employee opinion survey, and perhaps a review of the top team's leadership, using a technique such as a 360-degree feedback survey

of leadership skills.² All of these inputs, together with the BASE, go into the strategic review.

To see where the BASE fits into the annual strategic review, let's review a typical strategic planning model. I modestly offer the model presented in my book *The Northbound Train*.³ In summary form here, the steps in the model are:

Scanning - the environmental scan, the organizational scan, and the opportunity scan.

Model Building - defining the strategic success model for the enterprise.

Gap Analysis - defining the difference between the current state of affairs and the state of affairs we want to move to, as defined by the success model.

Action Planning - setting a few key result areas and specific outcomes for actions needed to close the gap.

Strategy Deployment - putting the strategic concept to work throughout the organization; teaching, preaching, and realigning resources as necessary.

As portrayed by this model, the BASE is part of the scanning phase, i.e. the environmental scan.

Now let's consider how the executive team can don their thinking caps and put together the BASE. Whether they create the BASE before or during the strategy retreat, the process is roughly the same. Of course, they might choose to devote considerably more time and effort to the process if they do it in preparation for the retreat. If they do it as part of the retreat, they must have adequate information at hand, or else the process will degenerate into speculation, assumptions, and opinion swapping.

A successful executive retreat requires careful planning and preparation. Typically the consulting team or a task force from the organization prepares a resource book for the executives' use in the retreat. This usually includes information on current financial results, forecasts, estimates, and various summaries or "backgrounders" on specific topics which might arise during the retreat process. If the team puts together the BASE as part of the retreat, then the resource book should contain the information necessary to support their work.

An effective way for the executive team to tackle the job of creating the BASE is simply to divide into small working parties of about three or four people. Each group takes one of the eight sectors of the environmental scan, i.e. Customer, Competitor, Economic, etc., and prepares its interpretation of the radar data. Unless the overall team is quite large, each working party will probably have two sectors to evaluate.

Each sector team reviews the available radar information for its assigned category, arranges the findings by relative importance or significance, and identifies critical trends and issues for discussion by the whole team. Using some pre-agreed format, each sector team organizes its results into a form that allows the whole team to understand and work with them. This might be a simple written document, especially if they prepare the BASE before the retreat. Other methods could include simple cartoon-like posters that present the key findings in easily digestible form.

Executive teams that enjoy using creative or off-beat methods may like to present the results in unconventional ways, such as skits, rhymes, or songs. In one case, my firm had the uneasy task of presenting some rather disturbing results to the executive team of a large Australian firm. Working with several of their people, we created a mock news conference, using the metaphor of a medical team reporting to the press on the results of the examination of a well-known person. With a junior executive playing the part of a local TV host known for his surliness, our consultants played the parts of the doctors.

They reviewed each aspect of the “patient’s” health, analogous to the vision, hearing, digestion, muscular fitness, and nervous system, relating each to an aspect of the firm’s capability for coping with the threats in its environment. The irascible interviewer asked aggressive, probing questions to make sure the team could back up its findings. The comic element of the situation enabled the executive team to face the uncomfortable findings without feeling defensive, angry, or discouraged.

During the retreat, the whole team can assemble a composite picture of the business environment by integrating the individual sector results. This becomes a very creative process that deserves adequate time, energy, and thought. This part of the retreat, in particular, can benefit immensely from the participation of a professional facilitator. Further, if the firm has engaged outside experts to help assemble the environmental scanning information, they should participate in this part of the retreat.

One useful and stimulating method for consolidating the radar results is to use an interactive “storyboarding,” or cartooning process. With an entire wall of a large conference room covered with newsprint or other drawing paper, and each team member using colored markers, the group engages in a “free for all” drawing process. Each sector team draws symbols, sketches, diagrams, icons, phrases, or other ways to represent their findings. Anyone can add his or her own little modifications, comments, or ideas to the picture. There is no need to try to make the picture artistically appealing; in fact, the messier it is the more useful it will probably be.

During the process, debates or differences will emerge about various aspects of the radar findings. As the team members work through their picture of the business environment, they may challenge the sector teams’ findings or interpretations. Although these discussions can become complex and even heated, they tend to be very useful overall.

It is common during this process for two or more sector teams to identify the same issue in their respective areas. These “crossover” issues, i.e. trends or problems that span across several sectors of the radar picture, may become significant to the overall interpretation. A particular technological issue could also create social, political, and economic issues. It’s less important to force-fit an issue into the “correct” category and more important to understand how it weaves throughout the whole strategic picture.

There are various other interesting methods for consolidating the results of the radar sectors into a coherent picture of the overall business environment. The key point, however, is to make sure all members of the executive team participate on a personal, intellectual level in forming a consensus about what’s going on. If they create it, they own it. It will become a key part of their thinking process, and it will guide the decisions they make. Further, they will be much better able to communicate its meaning to everyone else in the organization.

Refining the Business Strategy

The process of using the results of the environmental scan to create or revise the overall strategic direction of the business is, of course, well beyond the scope of this discussion. However, for the sake of keeping the concepts clearly linked, we should review some key aspects of the strategy formulation process.

First, strategy formulation is not an annual event or a one-time decision. It is an ongoing process, which develops and mutates as experience teaches us more and more about our business. We should really think of it as strategy evolution, because it is never finished, always changes, and responds to the forces of the environment.

Similarly, creating the strategic estimate is a continuing process of observation, reflection, and learning. Even if we formalize it on an annual basis for the benefit of the management process, we need to keep the radars in operation all the time. It’s not as if we activate them once a year, scan the environment, and shut them down for the rest of the year. We should have our eyes and ears open all the time, and we should be constantly alert for

And, most important, our eight strategic radars are not really machines, as the metaphor suggests. They are people. They are the executives, managers, customer contact people, researchers, advisers, suppliers, business partners, and all other people who can spot significant events in our business environment and help us understand them.

Each executive, manager, or professional staff member has a responsibility to keep abreast of developments in the firm’s industry or sector, and to learn as much as possible about how its business environment operates. It is also perfectly plausible for employees at the front line to notice changes in customer behavior or actions by competitors before executives detect them. Voices from all levels can serve as the

radar systems of the enterprise.

And finally, I hope I've successfully avoided creating the impression that the environmental scan is anything like scientific, systematic, or precise. It's guesswork at best. The events, trends, issues, and opportunities in the business environment are ultimately whatever we interpret them to be. Intelligent people may disagree completely about what a particular development means. We may spot critical truths of the environment that our competitors have missed. We may draw more insightful conclusions about the behavior of our customers. We may prioritize the significant issues in our environment more competently than others. But we will never fully understand the strategic environment. The best we can do is study it with intellectual innocence, humility and honesty, and learn as much as possible of what it has to teach us.

Ultimately, maybe that's what makes the task so interesting.



Chapter Notes (14)

1. Albrecht, Karl. *The Northbound Train: Finding the Purpose, Setting the Direction, Shaping the Destiny of Your Organization*. New York: AMACOM, 1994, page 104.
2. To locate executive development materials, including 360-degree leadership assessment methods, contact the American Society for Training & Development through its Web site at astd.org. Also try *Training Magazine's* site at trainingsupersite.com. You may also wish to see Albrecht Publishing Company's Leadex/360 profile system; contact the author's Web site at albrechtintl.com.
3. Albrecht, Karl. *The Northbound Train: Finding the Purpose, Setting the Direction, Shaping the Destiny of Your Organization*. New York: AMACOM, 1994, page 69.

