

Thinking Strategically in Turbulent Times

An Inside View of
Strategy Making

Foreword by Barry Z. Posner

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Foreword

This is a powerful book. Powerful not only for what it finds, but also powerful for what it does not find. Based upon extensive interviews with key informants, the authors report that the strategic planning process (and substance) is different across the private, public, and not-for-profit sectors (Hewlett-Packard vs. Los Angeles County vs. the California State University system). And, in the end, they also find that the process is largely driven by similar trends and pressures across the sectors and serve more common than different aspirations.

These are great stories. While those people familiar with any of these particular organizations or the broader settings and environments in which they reside will know that the situations have changed somewhat since these stories were collected, this does not diminish the power of the first-person narrative and voices of those directly involved in the strategic decision processes. Indeed, these snapshots only reinforce the complex and dynamic processes involved and give proof to the somewhat cynical comment: “If anyone tells you that they are not confused about what’s going on these days, you can be sure that they don’t have the first clue.”

One striking conclusion from this report is that strategy formulation is a messy political operation and that the planning process, too often considered as the end objective, is but a means to better strategic execution. What we find in these stories is evidence for how strategic planning provided a mechanism for reconciling, at least for a moment, disparate perspectives, juggling competing priorities, and influencing competing constituencies. The “plan”—however recorded and memorialized—served not so much as providing street signs and numbers on houses as it did the names of major towns and cities along the way to some place we had never been before. An important outcome was agreement, not necessarily on the particulars, but on the big pic-

ture and an overall commitment throughout these large-scale organizations to some key values and principles. They roughly pointed people in the same direction, without herding them all down the same narrow road.

I was particularly struck by the largely positive and optimistic nature of the senior leadership of these vast enterprises (some of the giants of their species, say the authors). Even while acknowledging the political and economic turbulence, marketplace uncertainty, relentless pace of technological change, escalating competitive pressures, and the like, these leaders spoke with a can-do and will-do attitude about meeting these realities. And, they were realistic; there was no kidding around about the challenges, but the voices were strong, and mostly healthy, in expressing the sea captain's viewpoint that "there are always storms at sea; we've weathered them before and we'll weather them again."

Indeed, one of the great strengths of this book is that we get an inside view of the strategic thinking processes of these three organizations, as well as a look inside the head of dozens of senior executives. *What* are they thinking and *how* are they thinking about the meta-challenges they (personally and organizationally) are facing? The analysis provides a deeper appreciation of the collective and political processes required to build the coalitions and consensus necessary to get everyone on the same page and heading in roughly the same direction. It confirms my belief that we must hear the voices of leaders to gain a deeper appreciation of the skills needed to navigate complex organizational environments.

We're going through another round of strategic planning in my organization right now. This is probably true for your organization too. And, if not, it only means that you are in the white space between the current and the future plan and responsible for executing against the current plan, while anticipating the future one. I feel and experience exactly what Alan, Deone, and Shari heard from their informants: "Here we go again; when will this ever be finished?" "There's so much work to be done and where am I going to find the time, and energy, for this?" "Everything is changing so much around here, why bother to spend all this time planning?" "Can't we start this next year?" "Things seem to be mostly working; why do we need to make any changes?" "My part of the organization is fine, let them work on the parts that aren't doing well."

But, such moans have little impact, and the process continues. And, in the process, I come to be re-energized with a better sense of both purpose and direction. I come to realize that my particular concerns are shared by other parts of the organization, and that our challenges, across my part of the enterprise, are not so dissimilar from the ones within any part of the organization. I see creativity and imagination that are literally forced by the process

of confronting realities that previously were ignored or kept out of sight. Lots of people, up and down the hierarchy, are talking with one another about their aspirations for the future rather than complaining about the ubiquitous “they” and “them” in charge of this place. And, I remember that, as so often is the case, the journey is the destination.

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Preface

Across sectors, as organizations entered the twenty-first century, leaders attested to a bewildering pace of change in their external environments and acknowledged the significance of strategy making and strategy execution to their overall organizational success. As noted by many observers and practitioners of the strategic planning field, the latter included such common themes as imprinting an inspired vision on the organization, conducting detailed environmental scans, identifying strategic issues and appropriate strategies, and aligning resources and support systems during implementation. Yet, as leaders have become more sophisticated in the “mechanics” of the strategy-making and strategy-execution processes, we have also heard increasing discontent, characterized by such statements as “We spent months and months developing our strategic plan only to see it relegated to a shelf to gather dust” and “No sooner had we developed our strategic plan than a major, unexpected event occurred in our external environment that rendered our effort moot.” For those of us interested in applied research, we wondered about the inner dimensions of the leadership experience as they searched for new and better ways to help their organizations adapt to increasingly turbulent environments.

This book represents the culmination of a sustained effort to understand the underpinnings of strategy making and strategy execution as seen through the eyes of organizational leaders, an in-depth undertaking that began in 1999–2000. At that time, recognizing that we were fortunate to have access to three premier organizations representing a fascinating cross-section of the economy—Hewlett-Packard, Los Angeles County, the California State University—we investigated (through interviews) each system’s use of information technology (IT) as an “enabler” for strategic planning. Our findings presented at a “showcase session” of the Academy of Management in Washington, D.C., in 2001 generated discussion well beyond our IT focus, as many of our col-

leagues persistently sought to learn more about the internal aspects of these three strategic planning processes. Subsequently our enthusiasm intensified as we realized that the use of technology represented a window of opportunity into the inner workings of how these three giants were adapting to their environments. So we launched a formal study of their environments and the use of strategic management as an adaptive tool, as described by key senior managers.

Armed with an interview guide, tape recorders, and notepads, we approached our initial interviews with some trepidation, wondering if our interviewees would share candidly their personal feelings about “coping” with the pace of environmental change and their honest assessment of their organizations’ strategy-making and strategy-execution processes. In return for assurances that we would provide them a chance to review their quotes for accuracy, they granted us permission to use their real names to lend authenticity to the study. It is noteworthy that only a few edits occurred during the review, such as the removal of an explicative or an embarrassing reference to another individual. Mostly, except for some grammatical smoothing, the quotes remain unaltered. The result is the following book, which presents our findings through “executive voices.”

The book can be used at several levels: (1) as a classroom companion to help students grasp the impact of the pace of change on organizations and their leaders, as well as the current difficulties associated with strategy making and strategy execution in these turbulent times; (2) as a bridge for scholarly comparative studies of different sectors; and (3) as another exemplar for reinforcing the importance and richness of applied qualitative studies for understanding organizations. We hope you find the words of these leaders and our interpretation of sector similarities and differences informative.

Acknowledgments

As colleagues, we learned much from each other during this journey. From Shari's knowledge on the inner workings of a global organization and the possible lessons for other sectors to Alan's thirty years of organizational change and strategic planning consultation with senior managers across sectors to Deone's expertise in organizing and understanding large qualitative data bases, our personal perspectives expanded greatly.

We would like to thank the leaders at Hewlett-Packard, Los Angeles County, and the California State University—our three giants—who participated in this study and, importantly, waived anonymity to provide authenticity and additional context. We are particularly grateful to the following individuals who quickly expressed support for the project and helped us identify and recruit the participants: Susan Cook and Mike Northcott from H-P; David Janssen and Sharon Harper from Los Angeles County; and Charlie Reed and Sandra George from the CSU. In addition, we thank Richard West, Jon Fullinwider, Soren Kaplan, Gerry Rossy, and Wayne Smith for early explorations on the topic of enabling technologies and strategic alignment, which evolved into this larger study.

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