The Strategic Management Model: A Prescription (Rx) for the CEO

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The Strategic Management Model: A Prescription (Rx) for the CEO

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Strategy can be described as a coherent grouping of actions intended to gain distinct advantage over competition, while management is often described as a process of realising the objectives of an organisation by guiding, leading and controlling the activities of the human resources of that firm. This article will attempt to synthesise both concepts and processes in its development of strategic management as it influences the organisation's attempts not to perish; but to survive, to prosper and finally, to excel.

The *raison d'être* of a CEO or any manager is to make the best use of the resources of the organisation in a changing or even turbulent environment. This process or activity focuses upon "second-generation planning" which analyses the business and helps prepare alternative scenarios for the future. Contingency strategies are then prepared for each of the likely future scenarios. This is, in essence, the foundation of this article. It will present a model for a CEO and an organisation (public or even private) to use so that a future can be planned and can be proactively managed. This process will attempt to reduce and eliminate the excessive art and magic often rationalised by managers as they attempt to harness the science of managing. A conceptual paradigm of strategic management is presented in Figure 1 which illuminates a classical and theoretical approach to the entire process[1]. The model developed for and presented in this article has some variations from Figure 1. However, it is important to understand why it is critical to develop a model for the CEO. Models are developed to describe or illustrate pertinent phenomena and enable us to ask basic, meaningful questions. They are more comprehensive than theories alone but are not exact replicas of a system. They do, however, contain the essential aspects of the system and are valuable insofar as models represent ideas of what things should do or be. That, in essence, is why this model was developed for the organisation in general and CEO in particular to test and apply.

This conceptual model was developed as a result of discussions and formal interviews with twelve CEOs and a COO, of private as well as public organisations. The nine components discussed included strategy and mission, the Board of Governors, organisational and also managerial performance, strategic planning, goals/objectives, communicating goals and decentralisation, commitment, rewards/resources, culture and communication, participative management, role of CEO and changes in the environment. These discussions led to the further development of a Strategic Management Model.
Figure 1. A Model of Strategic Management[1]

Source: [1, p. 304].
which is intended to serve as a prescription (Rx) for the CEO about to encounter strategic planning for the first time or even those CEOs who have been involved in this planning process for some period of time but may be dissatisfied with the process, products or results.

All of the areas covered in the model were discussed with the CEOs/COO and further described more definitively throughout this article as the foundation block upon which any organisation can be examined to determine where it is and where it is going; in essence its strategic management. The "freeze-drying" of many elements into a paradigm or blueprint is intended to yield a macro perspective of the many and varied "micro-chips" that constitute the essence or core of a business.

Current strategy (what the organisation is) usually evolves through a stream and pattern of major action decisions made in response to past problems and opportunities. Future strategy (what the organisation is to be) is a set of decisions committing the organisation to a master plan describing how it will operate to achieve its raison d’être. Management, getting things done through your human resources, can be perceived to be leadership in planning, budgeting, organising, directing and controlling. It works through a process of data gathering, analysis, decision making, evaluation of results and feedback. Integrating these basic ideas about strategy and management yields a description or definition of strategic management as planning and implementing the major changes needed to improve organisation performances.

A strategic management model is basically the conceptualisation of data, (past, present and future), that provides a base for pursuing the strategic planning process. A major objective of this exercise is to identify and analyse the key trends, forces and phenomena having a potential impact on the formulation and implementation of strategies for the CEO. These forces need to be identified before their impact can be felt. Any organisation will want to position itself in the future as a consequence of the determination of the present position. This will dictate what services are to be offered, kind and number of personnel to support this position, space requirements and financial requirements. The problem becomes complicated because within the same organisation different managers at different levels will require different analyses of the same information or different types of information.

The model will also be a forum for testing, sharing and debating divergent views about relevant environmental changes. All of the information collected for the strategic management model should provide a basis for completing the strategic planning process in all of its phases, from re-evaluating missions to making short-range plans and budgets.

This article will examine the model and the many principles and practices incorporated in its development and ultimate utilisation. Finally, a prescription (Rx), encompassing the essence of this article, is presented for the CEO to incorporate within his/her personal philosophy as well as within the culture of the firm. The nine components of the model include: mission and strategy; Board of Governors; organisational performance, particularly, achieving strategic planning; goals/ objectives; communicating goals and decentralisation; commitment rewards/
resources; culture and communication; participative management; the role of CEO and changes in the environment. Each will be presented with the goal of being as comprehensive as possible. The CEO will need to explore each of these areas in the quest to apply this conceptual blueprint/framework to his/her own organisation.

Component 1. Mission and Strategy: From the Present to Planning the Future

Strategic planning is not concerned with future decisions but with the future impact of present decisions. It is intended to develop a business philosophy that contemplates future results of current decisions steadily. It is usually structured to link strategic plans, medium-range plans and short-range plans to the operating plans. Strategic management and planning will occur when strategic and operational decision making within the organisation are integrated as well as the goals/objectives, and processes within all levels.

It is important to define what strategic planning is not since it is difficult to define precisely what it is. It does not attempt to make future decisions. It is not a quantitative forecasting method and it is not an attempt to blueprint the future since strategic plans can be changed constantly. It is not the preparation of volumes of plans and notes and memos; it is not an effort to replace managerial intuition. It is intended to manoeuvre the organisation over time and throughout a changing environment to achieve its prescribed aims.

“What business are we in?” may be the single most important question to ask, more important than finding a strict definition. This answer determines how well the organisation markets its products and/or services and how it will operate. It requires that managers think through and spell out the purpose of their business. It involves long and short-range objectives, missions, the personal aims and values of these managers and the raison d’être of the organisation. This enquiry must lead the firm to develop a mission intended to articulate its strategic plan and management formulation but this mission should never lock the organisation into a position from which it cannot extract itself or from which it cannot move from one position to another.

Strategic planning jumps ahead to the end of the time period under consideration and works back to determine what should be accomplished at intervals in time, and specifically, what actions should be taken now to maximise the probability that the objectives for the period will be attained. Planning which does not result in any future action programmes can be considered an intellectual exercise at best.

The outcome of much of this “crystal ball-gazing” is that scenarios need to be developed and played out by top management. The goal of any strategic plan is to make some sense of a fluid, turbulent business environment and an uncertain future. Scenarios will be helpful since they become stories about the future. They help the organisation evaluate risks and clarify assumptions about the world within which it operates. The scenarios should include both qualitative and quantitative descriptions of social, political, technological, economic, demographic and other conditions. They will also illuminate trends, conditions,
assumptions and dynamics entrenched in the present to a designated point in the future where the organisation wants to be. They will help to evaluate the outcomes and potential risks of major strategic decisions under a range of possible environments. This should lead to the development of contingency plans for gradual shifts or sudden transformations in the various market environments within which the organisation operates. By focusing on the causes and outcomes of changes in the environment, scenarios allow management to assess the implications of these changes on the strategic plan.

The commitment of all parties who have a stake in the results will be essential at all stages of this process. These scenarios will impact upon future decisions that may require new areas of opportunity, expansion or contraction of products/services, long-term development and marketing, and some external situations in need of managing.

It is unlikely that the participants in the strategic planning process will be able also to produce a finalised input as a result of the first attempt. Few are able to see the ultimate strategic solution. A more likely set of events will be that plans are developed through a series of iterations, back and forth among management and key players, concerning this planning process.

At some point in the process it may be important to utilise a third party or facilitator to move this process into the future. A consultant could play a useful role as a facilitator in this project since he/she can be of assistance in suggesting the design of aspects of the process, keeping in mind, however, the caveat that the design of the system should be done under the auspices of the CEO, the Board and key professionals. Issues that will fall into this exercise might be the preparation of planning instructions (a planning manual), the establishment of a planning calendar, as well as the delineation of how to modify the budgeting, monitoring, and incentive systems to make them consistent with the planning process. This outside consultant could play a useful role as an educator during the start-up period by explaining aspects of the system to various managers and Board members and communicating the overall rationale of the approach. This individual would assume the role of catalyst during the planning reviews, particularly when it comes to facilitating a more open-ended and free-flowing communication among the Board members and executives involved.

Unfortunately, there seems to be a misconception among many organisations that a planning system can be installed through a short-cut by means of an intensive outside consulting effort. It is also a misconception that outside consulting resources can beneficially be drawn on in preparing the actual plans. This will not provide managers with a sufficient opportunity to internalise the strategic management process. Nor are plans developed by outsiders likely to create a necessary sense of internalisation, commitment, and ownership among the managers responsible for and living within their organisation.

Although outside consultants play useful roles in carrying out strategic audit tasks in analysing and offering recommendations on specific substantive strategic issues, when it comes to influencing changes on the strategic planning process itself they should be only advisors and catalysts. They should be able to help an organisation plan to begin strategic planning and the necessary processes associated with it. In essence, they are not a panacea for the real thing.

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Component 2: Board of Governors

Traditional roles of Boards of Governors are often not focused on managing strategic issues but are often closer to rubber-stamping of decisions affecting resources. A potentially more useful role for the Board would be involvement in the evaluation of the decisions affecting the major strategic thrusts of the organisation. As such, the Board should play a role in the approval of outcomes derived from many of the objectives and projects that the organisation is involved with.

The involvement of the Board could ensure that the effectiveness of strategic decision making will be maintained in the organisation since the Board members can ask themselves how well the CEO is managing strategically. Such probing by the Board should keep alive the issue of whether management's aspirations for the organisation are acceptable to them. It is within the context of probing into the organisation's planning activities that the Board has an opportunity to add a long-term view to the vision of the CEO. This would be motivating to the staff who often misunderstand the role of the Board.

In terms of strategic management, the Board of Governors has three basic tasks: to initiate and determine strategy; to evaluate and influence this strategy and to monitor whether the objectives have been accomplished. However, many CEOs and Board members do not want the Board itself to be involved in strategy matters at more than a superficial level. Some feel that outside directors do not know enough about the operations of the organisation nor do they spend enough time in doing this. But this is not a valid reason for the absence of involvement.

A responsible and an effective Board needs to require of its management a unique and a durable strategy; to review it periodically for its validity, and should use it as the reference point for all other Board decisions. If the CEO can answer the Board members' questions about the strategic impact of further proposals, then the Governors would be more reassured about the soundness of that proposal and also about the continuing objectivity and effectiveness of top management.

Members of the Board of Governors of any organisation cannot be incisive and influential unless they are more familiar with the issues involved. Consideration of new strategies and updates are important to consider and debate and should be a major part of all Board meetings.

Freer participation by the Board in contributing to strategy formulation will be of no great importance to the organisation unless such participation influences better decisions by top management. The heart of the strategic process is the generation of alternatives. A model of Board of Governors' involvement in strategic management is given to underscore the multiple styles available and why active participation is crucial (see Figure 2).

Component 3. Improving Organisational Performance: Achieving Strategic Planning

An open, interactive planning climate will be necessary for effective strategic planning. To develop this climate it will be necessary to demonstrate clear
The Strategic Management Model

Figure 2. Degree of Involvement of Board of Governors in Strategic Management

- **Absentee landlord**
  - Never knows what to do, if anything; no degree of involvement
  - Permits management to make all decisions. He votes as the officers recommend on action issues

- **Laissez-faire**
  - Formally reviews selected issues that officers bring to his attention only

- **Marginal participant**
  - Involved to a limited degree in the performance or review of selected key decisions, indicators, or programmes of management

- **Middle-of-road player**
  - Approves, questions, and makes final decisions on mission, strategy, policies, and objectives. Has active board committees. Performs fiscal and management audits

- **Participative manager**
  - Takes the leading role in establishing and modifying the mission, objectives, strategy, and policies. It has a very active strategy committee

- **Stimulator**
  -
evidence that new ideas will be entertained by top management even though it may be difficult to get them adopted. But all parties must be willing to face some unpleasant tasks in strategic planning that are necessary. An incident may occur where the CEO may ask the staff to debate and appraise the strengths and weaknesses of their own respective departments.

The strategic roles of the various departments within the organisation must be derived from the strategies agreed upon and will occur primarily through their participation in the strategic programming activities. The focus of this type of activity is to facilitate more effective cross-functional integration in planning via determining the individual missions and objectives of all participants.

The planning approach should provide a better understanding of the context within which the firm operates and how resources must be employed and deployed. The planning activity will provide an early sensitivity to problem areas. Thus, the strategic decisions that are to be made by middle managers, staff, and top management will be translated into the resources needed, tasks to be assigned, measures of progress as well as the time schedules of progress.

One major pitfall to avoid is allowing the planning process to gain control over or reduce the authority of the middle managers. Their commitment and involvement in a generating and monitoring process help ensure success and reduce resentment to this process. It will be important for the CEO to acknowledge that there could be some deficiencies in the strategic planning capabilities of these managers and these shortcomings may be overcome through internal training and development. The development of these skills and experience with planning techniques will be critical in the delivery of a successful project. The commitment by managers/staff to strategic objectives will result in their ownership and this will play a critical role in determining their predisposition towards integrating their own functional plans with the strategic plans of the organisation.

Component 4. Communicating Goals and Decentralisation: Key Ingredients
The strategic plan is most effective when it can be reduced to writing and incorporated into an overall mission and corporate strategy. The involvement in planning usually results in a commitment to a specific result on a specific time schedule. Thus it is clear that if there are no objectives, no one can ever fail.

These objectives will be necessary for every area within the organisation in which performance and results directly affect corporate survival. Concerns often focus upon market niche, innovation, productivity, resources, supervisory and managerial performance and development, client needs, public relations and other areas that all require objectives. One of the major tasks will be to link these objectives and goals. It will be very difficult to have different managers and their functions moving in different directions to obtain their objectives. This is counterproductive suboptimisation.

These objectives and goals, in order to be useful, must be measurable, and must be challenging, yet realistic and attainable without setting a pattern for failure early in the process which would lead to premature demotivation. These
objectives must be acceptable to the managers and staff which means that the
CEO and other key people on the Board must be willing to commit those
resources and personal time/involvement in order to make this process work.
This is crucial.

All managers and staff should be held accountable for the sub-division of the
strategic plan so that there can be check points (milestones) at intervals to
determine whether their particular programme is on target with the overall
scheme of the organisation. Any review must look to actions taken or completed
and not just to comparison of operating figures and statistics. This commitment
to the achievement of a plan is in direct proportion to the degree of involvement
of all in the development of this programme. Each person must know his or
her responsibility for action, know the results expected, accept responsibility
for these actions and know when the actions are to be taken and completed.

Decentralising the planning process (diffusing planning) is also important and
allows the organisation to separate decision making which is critical for immediate
survival from decisions determining long-term viability. In other words,
adjustments to transitory changes in the environment — what might be called
careful steering — can be carried out by staff. Their responsibility for operating
decisions will allow them to make selective changes in what they are offering
in the marketplace.

The decentralisation of strategic planning and decision making must be
facilitated through the careful management of the linkage between all functional
managers, the CEO, and the Board. It will be prudent to have controls which
measure whether or not the plan has been accomplished. Controls can range
from frequent management review committee sessions to quarterly reviews
as well as those conducted on an ad hoc basis. This decentralisation will
incorporate all managers/staff into the development of the plan and its process.
This must include all the key players in assessing opportunities and negotiation
of the objectives of each of the functions. This will demystify the proverbial
“black box”.

Component 5. Commitment: Rewards and Resources
The successful implementation of any strategic change will depend heavily upon
the commitment of key people. A system of rewards therefore must be developed
and managed by the CEO to inspire the sense of shared purpose essential to
vitalise strategic goals. Rewards can be subtle as well as concrete — openness
to dissenting opinions, timely recognition of a job well done as well as salary
and merit.

In an environment of rapid change and constraints on the availability of these
resources, the assessment of performance will allow managers to fine-tune or
alter action plans as necessary. These appraisals will allow top management
to determine whether results are consistent with the plan and consequently
whether the strategy itself is valid and on track.

Gearing remuneration to the accomplishment of strategic goals will also be
crucial in motivating managers and staff to focus on short-term results as well
as longer-term objectives. Too often, rewards for short-term results are provided
without considering the impact on the supervisor’s commitment to achieving strategic objectives. This becomes a problem.

The Board and CEO must be explicit and formal about the reward scheme for performance and demonstrate their commitment to providing compensation and resources that conform to and support strategic objectives. One option may be to segregate resources relating to longer-term goals from those applied to near-term operations and make the rewards contingent on the relative performance on both dimensions, thereby encouraging commitment to both planning horizons. These types of measures help to avoid concentrating resources for short-term profitability while sacrificing the organisation’s longer-term health and viability. In any case, this proactive philosophy/policy needs to be communicated to all, a priori, so no surprises can obstruct the optimal effort.

Component 6. Culture and Communication
People within an organisation share a system of beliefs and values that often create and/or are created by the environment of that organisation. The culture often determines the degree of co-operation and commitment among the staff as well as the organisation’s strength of purpose and the CEO is usually responsible for setting this tone. His/her principal challenge is to see that the tone is conducive to the strategic changes he/she must implement.

The value systems of the organisation often determine their readiness and capacity for making changes. It has been found that, in some cases, conformity may be more desirable for an organisation than innovation or experimentation. Other values may regard change and innovation as being significant. The CEO must probe, sense and direct his staff to help create comprehensive, coherent and explicit organisational goals and aspirations for all professionals. When these aspirations and values blend, the members of the staff usually endorse and become committed to this strategy. This commitment is the primary ingredient in successful implementation of strategic change.

Anything that makes the implementation of a strategic plan more compatible with the culture or reduces the strategic significance of the behaviour sought tends to reduce any cultural risk. Depending on the strategies that are chosen, the choices that are available to the organisation include the following:

1. ignore the culture;
2. manage around the culture by changing the implementation plan;
3. try to change the culture to fit the strategy;
4. change the strategy to fit the culture, perhaps by reducing performance expectations.

In some cases it may not be desirable to change the culture totally but only those parts of it that demonstrate high cultural risk. To match the corporate culture and strategy should be a major part of this planning process. Changing a culture is a complex long-term undertaking that must involve co-ordinated efforts by key people on the Board and the CEO to change their own behaviour purposefully, and then to send signals to the managers/staff that this is happening. This must be accomplished through a managerial/educational process within the organisation.
This issue of culture is inextricably interwoven in the fabric of the communications network of the organisation. Open lines of communication must be enhanced by providing all key managers/staff with ready access to the CEO who will be responsible for planning the future of the organisation. Frequent meetings among managers and key staff will enhance an awareness of all levels that could provide an opportunity to discuss a wide range of issues related to the strategic plan. The importance of personal contacts between these groups is very significant in the initial stages of this new planning cycle. This communication system is helpful in shaping a coherent culture which in turn could generate high commitment of managers and professionals to the goals of the organisation.

More importantly though communications symbolise and dramatise the vision of the CEO and along with commitment, contribute to strategic success. As a communications tool strategy planning is superb. It creates channels through which people can converse in a common language about common problems of importance to everyone. As a training tool it optimises goals and builds capability and quick responses to all new challenges and threats affecting the organisation.

**Component 7. Strategic Performance via Participative Management**

Organisations can enhance the process of strategic performance and planning by conducting these activities with the aid of management committees. Organisational structures need to articulate the composition and involvement of its management committee. These committees could be composed of the CEO, several representatives of the Board, managers and staff who are willing and able to become involved with strategic planning. These committees/task forces are participative groups who would meet quarterly or monthly but frequently in informal surroundings to co-ordinate and harmonise the planning inputs of all of the functions of the organisation. The advantage of including managers as well as staff is that their knowledge and expertise will help to determine how informal resources can best be allocated.

One of the important factors to consider in determining the integration of strategic objectives with operational implementation will be the perceived benefit to managers/staff. The CEO and top management are expected to conceive strategic objectives that can be translated into short-term action plans to be carried out by middle managers. One of the functions of these committees can be to integrate this process. These committees could isolate key issues affecting the organisation in a strategic sense and provide a framework for dealing with these issues at the appropriate level. The three-step procedure below will help to demonstrate how these participative or action planning teams can help to implement a strategy.

**Implementing Strategy via Action Planning Teams**

It should be noted at the start that a formulation strategy group should be different from an implementing strategy group.
For each of the strategies selected, a team leader should be specified, s/he should assemble an appropriate team (not necessarily limited to members of the strategy group) and set a time for the initial meeting.

Each team should be charged with developing a list of proposed action steps that will implement the strategy.

- **Step One: Clarifying the Issues**
  To develop a comprehensive list of important issues or questions that each strategy will have to address. Each team should develop such a list for the relevant strategy.

- **Step Two: Action Planning**
  Moving from macro tasks to micro tasks. For the first cut, outline the macro tasks and those key individuals responsible. Later, each of the macro tasks will need to be "exploded" into a sequence of more micro tasks as implementation progresses.

  The following process should be helpful in identifying the macro tasks that will constitute the master plan:

  1. For each major issue identified by the strategy team, identify what deliverable will enable a resolution of the issue.
  2. Describe the tasks required to produce the deliverable in (1). The description of each task should begin with an action verb and should specify the deliverable.
  3. Identify for each task the single person who should be responsible for the completion of the task.

  (Later, in the full group, the tasks will be validated or modified.)

  The key to successful strategy is specifying the sequence of tasks to be accomplished, by whom, with whose involvement and with what resources, and target completion dates.

- **Step Three: Evaluation of the Strategy and Follow-up: One-Year Period and a Three-Year Period**
  More importantly, this ongoing collection of managers and staff will become a strategic planning team providing the CEO with a continual agenda that acts as an ever present resource for issue identification and problem solution. Such committees can aid diffusion of corporate direction and strategy by circumventing any impediments such as bureaucratic or time-consuming road blocks that can hinder the smooth functioning of the organisation via participative actions.

**Component 8. Key Role of CEO**

The CEO plays a critical role in reviewing the design and execution of all plans within the organisation. A one-to-one type of monitoring between the CEO and subordinate key managers is needed to provide a measure of control and an opportunity to communicate strategic goals. Thus, the CEO plays a key and integral role in preserving the integration of planning across the procedural linkages (functions) within the organisation.
A key question to ponder regarding the time to be spent with planning for the CEO is whether proper strategic planning might facilitate the freeing up of more time which is often improperly spent on fire fighting activities as well as on disentangling an unfocused organisation. The power to control the actual design and execution of the strategic planning system will be important since influencing the planning system might be an effective if indirect way of promoting strategic direction. Hence the CEO must maintain the broad responsibility for this task in his own domain.

Any changes in the planning process need to have the support of the CEO since he/she must retain ownership of this integrated system. Figure 3 describes the role of the CEO, Board members and subordinate managers with regard to implementing strategy. Clearly, the CEO is the decision maker in allocating resources and setting policy which is clearly executive responsibility.

It should be noted that strategic planning is ordinarily done by relatively few people at the top of the organisation with the personal involvement of the CEO and quite possibly a key individual from the Board.

The process of articulating goals will help prioritise them and energise the entire process since the CEO needs to define each manager’s accountability so that their roles are clear as well as the steps needed to implement the strategy. This is actually a plan for planning (Who must do what? When? How? to develop an organisation wide plan) as well as a corporate guideline. This also suggests that the CEO gives guidelines and assistance to all managers and brings together functional as well as activity planning to make certain all of the plans are compatible with the mission of the organisation and that a continuous monitoring of the plan is guaranteed.

In addition to being directly involved with driving the strategic plan, the CEO will need to serve as a facilitator for the entire planning process. In this capacity he/she must be part missionary, part catalyst and must be able to stimulate managers to begin planning, and gain their commitment to the organisation’s strategic objectives. Being the devil’s advocate is also a significant role to play on a day-to-day basis as the strategic plans are being played out within the normal operation of the organisation. He/she must be able to get his subordinate
managers' "noses" out of their day-to-day work while stimulating the staff to begin questioning their day-to-day decisions within the context of the broader strategic plan.

The use of previously discussed committees and task forces can help the CEO since these participative-driven decision makers are only assembled for a specific period to explore and resolve issues that influence the performance of the organisation. Participants should be directly affected by the issues affecting the organisation or alternatively, best qualified to make recommendations. The membership could be from the Board of Directors, staff and management. Task forces could also be the most expedient way of identifying problems both in the internal or external environments and marshalling the resources necessary for their resolution via the participative, decentralised mode of operations previously suggested.

Component 9. Changes in the Environment

In developing a strategic planning process the organisation must deal with changing economic, social, political, cultural and technological developments as they affect the operation differently. The uncertain nature of these changes requires that in order to simplify and improve the organisation's planning procedures no more than five or six of these critical factors should be considered at that time. A focus on a few key issues will allow a more structured and productive discussion of their strategic implication for the future. The combination of rapid change and increased competition necessitates speed and flexibility in the response to opportunities within its particular market by the organisation.

The organisation must recognise that competitive position can only be reached and maintained by enlisting the commitment of all managers and staff. Organisations do not exist in isolation but are interwoven with complex multiple components that make up its environment. The CEO must scan the environment to identify infinite factors that may pose potential threats to the strategy of the organisation. He/she can only do this with the professional input and help of many key individuals within the organisation who understand this environment intimately.

The more dynamic the environment, the greater the threat to proposed strategy and therefore the greater the need to react to environmental changes and to manage them. This can occur through anticipation and scenario building. Strategic managers must not only recognise and be aware of potential threats but they must also develop a strategic contingency plan to be able to take advantage of them as opportunities. This is a major external challenge for the CEO and the organisation to realise that strategic management calls for long-term expectations and not short-term miracles.

Some Problems to Anticipate

Strategic management theories, practices and models are not panaceas and have presented issues and problems to be confronted and corrected by the organisations in general and their CEOs in particular:
problems in how to define and understand strategy;

misunderstanding the structure of strategic problems as they relate to the management process;

failures in coaching personnel and communicating how to implement strategy;

inadequate linkage of strategy formulation with implementation as two processes which are differentiated and/or integrated;

attitude of top management (complacent, arrogant, authoritarian, critical);

lack of focus on competitive advantage;

failure in governance by Board and/or CEO;

poor strategic agenda management;

strategy lacking innovation and improvement thrust;

bureaucratic strategy planning;

not enough from the top down or the bottom upwards; from vision to participation;

shortage of high performing leadership in managers and CEO.

Once these problems are addressed the organisation can begin to measure steady improvement from a reactive and defensive stance to one that is proactive and offensive.

Be Patient: There is Light at the End of the Tunnel

Now that the model has been explored, the final ingredient in the success of strategic management is acknowledging that it is not a one-shot miracle, but a three- to five-year investment at least. This is especially meaningful if we reflect that the means to the end in the strategic process — people — are an end in themselves. The CEO needs to be prepared to hear comments like these[2]:

**In the first year:**

Why do we have to plan? We never did it before; what good will it do? This seems like a waste of time.

**In year two:**

I never thought about our organisation this way before; we have strengths and limitations I wasn’t even aware of.

This process is helping me to see my department clearly for the first time since I’ve been here. It makes a little more sense now, but I still don’t see what good it’s doing.

**In year three:**

I don’t know how we functioned well prior to long range planning. This has made me realise that we really better get our product development in gear; we’re much further behind than I thought.

We have some unusual strengths we’ve been ignoring and need to take advantage of.

I have a much better understanding of this company and what we’re up to than ever before, but I still don’t see the results of the process.
In year four:

Some of the directional changes we made two years ago are really beginning to pay off; we really have a leg up on the competition now.

This long range planning stuff requires a lot of time and energy. I think it's worth it, but it takes discipline nevertheless.

By year five: he/she should hear nothing at all. Strategic planning will be part of "The way things are done around here".

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