

How to Create Organisational Environment to Build and Exploit a Superior Strategy

The privilege of management

Have you ever worked in a team, organisation or business where the people that are working for you are 100% EMOTIONALLY committed to what you are doing?

It's incredible!

You look at your people and you see – even feel - the signs; the passion, excitement, energy, and pride. It's the sort of stuff that causes people to follow their leaders off cliff tops in pursuit of some selfless task, or service that leads to the greater good.

This is what emotional commitment is all about. It's a privilege to behold! To achieve such a mind-set, your people must not only accept and agree with your strategy they must also buy into it.

Any strategy, if it is to succeed, needs the emotional commitment of the people who are to take it forward. This form of devotion is poles apart from the rational commitment that characterises the type of support afforded most business strategies – and in fact may decisions implemented in business to-day.

Such an intellectual kind of pledge simply means

that people have accepted the sense of what you are proposing. It doesn't mean that they are prepared to do anything about it. Nor does it mean that they will change their behaviour to support the objectives and plans they have agreed to.

How to win commitment to a strategy

Winning people's emotional commitment is a management issue. In truth it is a leadership matter. Be this as it may, it actually requires managers to think differently about the role of strategic management and view themselves as makers of meaning and vision, rather than as planners of specific programmes to be followed.

This sort of environment fosters creativity and support for strategy development and is at the heart of any attempt to secure emotional commitment.

It, therefore, means that managers must ensure that their people are actively involved in developing strategy, that any strategy is simple and that the reasons for its adoption are clearly communicated and understood if emotional commitment is to be achieved

All this of course takes time to achieve, but it is well worth the effort because as we have seen without emotional commitment, even the most brilliant strategies will fail. Notice how dynamic enactment in Apple's efforts to counter the threat from - and get ahead of IBM with the Macintosh computer was rooted in a shared environment that promoted and cultivated outstanding team relationships and ultimately emotional commitment to the effort of 'beating the arch-enemy' with a superior product.

The crucial point is that it was the team members, guided by management that constructed the environment that people operated in, which in turn brought about the right creative behaviours. If you want people to act on and support a strategy, you must first establish the appropriate environment for them to do so.

There are four elements to achieving such support:

1. Your goal is to consult with people in the strategy making process simply because people are more likely to agree with it, and go along with it if they are consulted on or, and, involved in its development.
2. Your goal is to clearly explain the strategy. People will not be receptive to the plan unless they understand what it is and why it is worth doing.

This doesn't mean to say that they will buy into the strategy but it does mean that people are aware of it.
- 3 You are more likely to win acceptance and gain buy in if you spend time and effort explaining it. Reasoned argument, open debate, and an environment that allows for criticism and disagreement will be of assistance in winning people over.

The use of "opinion leaders", allies and champions to argue your case on your behalf can also help, as can the use of examples and facts, such as trends in the market, actions by competitors, changing demographics, and the like.

4. You foster a passionate and single-minded pursuit of your strategy by everyone in the business.

Such commitment will emerge as the company builds momentum and achieves initial successes; when leaders demonstrate through word and deed that they are personally committed to the strategy; when the business creates a supportive atmosphere that allows people to take the initiative and contribute to the achievement of the strategy; when people see some tangible benefit to be gained by implementing the strategy; and when the initial implementation of the strategy leads to further quick successes.

Changing people's priorities

Without doubt, winning emotional commitment to a strategy requires time, effort, and commitment from top management. It is hard to achieve, but without it, any strategy - however good in theory - will not succeed in practice.

Process in itself is not enough. To persuade people not only to agree to the strategy but to enact it is the objective of stage mentioned in stage three mentioned above.

The way people assign priorities may also account for their lack of follow-through. As busy people with too many things to do at any one time, we may simply never get to our low-priority tasks, even if we have agreed to do them. What is required to implement the strategy then is the need to find ways to change people's priorities.

The business may, for example, institute changes in evaluation and reward procedures. As the saying goes; "What gets measured gets done."

It may also be necessary to make individuals responsible for specific tasks. Too often, people hide behind the word "we"- as in "We did not do this because. . . ." Making individuals responsible for specific tasks for which they will be evaluated and rewarded is a powerful means of ensuring that these tasks move up on your people's priority lists.

Is it so easy to do?

About five years ago I was speaking to the manager of a brewery producing top notch specialist beers. He told me (much to his horror) that his managers were targeting customers at margins below the company's minimum threshold of 5 per cent. He had found that this was because they were unable to deliver a margin any more than the threshold.

Why after communicating a desired level of performance to his managers, would they behave in ways that wouldn't support – but actually undermine – his strategy? While it might seem unacceptable, the phenomenon is not unique to this man's business. It's something that repeats itself in many companies and is a cause of real frustration for managers.

But why are the behaviours of people so different?

What managers forget is that the single most important determinant of employee behaviour is the underlying context – or environment - of the business itself. What tends to happen is that employees become prisoners of the system they are working in! By this I mean they are conditioned and tend to produce similar results.

Organisations tend to encourage and develop inertia whereby future activity is based on past performance and strategies. Therefore change – say dynamic innovation - is discouraged because it requires a break with tried and tested methods and ways of thinking.

This is particularly likely in successful businesses. But even in unsuccessful ones too people predispose against learning and change.

Create an environment to make and implement a superior strategy

What this means is that if you want people to be innovative, customer orientated, and more productive, in short emotionally involved in your strategy, it is absolutely vital to create an underlying environment that gives rise to such behaviour.

So what are the organisational conditions required to support strategy development?

There are four basic elements involved in bringing about desired behaviours.

1. Let's begin with the first of them; the **people** themselves, particularly their motivation, skills and capabilities

2. Next there is the **culture** of the company, which includes its norms, values, and unquestioned assumptions.
3. Then there is the **structure** of the company, which comprises not only its formal hierarchy but also its physical setup, activities and systems (information, recruitment, market research, and so on).
4. And finally the **incentives**, both financial and non-financial, to encourage people to perform well.

It is the blend - and management - of these four elements that will help you create the environment you will need to encourage the behaviours required to support the development of superior strategies.

In other words if you want to create superior strategies you have to create an environment intentionally and explicitly designed to encourage the behaviours needed to support strategy innovation and development.

Managing such a business environment for creativity and innovation

Well it starts, in case you didn't know, at the top. It begins in other words with management actually giving their people time to work on business specific projects and continually encouraging employees to experiment with and pursue new feasible ideas.

Employees may be told that they are expected to innovate and even evaluated accordingly. Goals may also be set to foster new product or customer ideas – with targets for turnover and profit.

Implicit in all this is the understanding that failure is acceptable, especially if it leads to new learning. This sort of atmosphere is particularly appealing to people who are entrepreneurial by nature and willing to question the status quo.

It also attracts creative people wanting to advance their careers without competing with business-type managers at equivalent levels in the company.

You also have to make sure people talk to each other and that there is regular and intensive interchange between disciplines in the business. People have to work together, communicate, sweat and do whatever it takes to extract from the core technology every product – market possibility.

Overall this kind of environment is characterised by entrepreneurship, vision and opportunity, a sense of belonging, teamwork and fast and efficient response

A further important factor to appreciate is that what motivates people to focus on innovation is individual recognition. Most people, whether they are engineers, business managers, or machine operators want to be creative.

They want to identify with the success of their business. They want to contribute to giving society more comfort, better health, and more excitement. And their greatest reward is receiving appreciation that what they did actually contributed to making something meaningful happen.

Nonetheless successful innovation should be rewarded commensurably. Successful innovators should not only receive recognition for their work but also cash bonuses, salary increases and promotions.

The detail for the nature of the structure, incentives, culture and people environment to support creation and innovation in strategy design and implementation is shown in the table below.

So these four elements of organisational environment; culture, structure, incentives, and people will, if managed effectively, promote and encourage innovation. In fact I'll say categorically that without them innovation will not occur at all.

The challenge is to combine these elements in such a way that **support and re-enforce one another while also supporting a company's chosen strategy.**

In a sense this appears quite straightforward. But you would be surprised though at just how many people are unable to find the switch to turn on people power to help them produce 'light bulb' moments.

Some conclusions

Any change in strategy will necessitate a change in a businesses environment. A business must be willing and ready to adapt

A business' underlying environment is what drives employee behaviour. To acquire looked-for employee behaviour a business must ensure that its environment is beneficial to that behaviour. This is critical to the successful implementation of any new strategy. Managers must, therefore, create an environment that will promote and support the behaviour needed to implement any new strategy appropriately.

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Best wishes



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