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OD and Strategic Planning: Linking Process with Content

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A troubling oxymoron is reflected in the title of this chapter--OD and strategic planning. The connection between these two activities has rarely been joined in past OD practice, nor in the OD and strategy literature. Historically, they are odd bedfellows. As a result, OD has made little impact on strategic planning in most organizations.

For OD to play a more vital role in the future of organizations it must become involved in strategic planning, which affects not only the direction of organizations but the lives and careers of many employees (Worley, Hitchin & Ross, 1996; Buller, 1988). Throughout its history, OD's raison d'etre has been to develop human capital and improve organizations, which are clearly key issues in today's competitive environment (Pfeffer, 1998).

In this chapter, I will ask: 1) why has OD in the past ignored or been excluded from strategic planning?; 2) what is the history and current state of scholarly thinking about the content of strategic planning?; 3) what are some recent approaches that OD has taken toward strategic planning?; and 4) how can OD connect better with strategic planning in the future?

In the last part when addressing the "how" question, I will describe a new method for integrating OD with strategic content, showing how and why the use of an innovative OD-based process can effectively engage substantive content, and thereby improve the quality and implementation of strategic planning. Until now, there has been a lack of

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progress made by OD in creating concrete methods for bridging the planning gap--in essence, "the devil lies in the details." Methods seem to be limiting OD's forward progress.

Throughout this chapter I will discuss OD as a general phenomenon and movement as if it is "one thing", although there clearly remains much variety within the OD movement.

Sources of Absence

OD's Self-Destructive Tendencies

The inability of OD to engage with the realism of strategic planning has been cited and criticized by others (Weidner and Kulick, 1999). Unfortunately, little has happened to bridge this gap, except for a few concepts that are indirectly related to strategic planning, such as organization learning, and these will be discussed later. Much of OD's problem with lack of involvement in strategic planning is of its own making for a variety of reasons.

OD, from its inception, has focused its attention on behavioral and organizational change issues, not on strategic content issues. The emphasis has been on teamwork, intergroup relationships and leadership styles (Argyris, 1964). The change methods employed by OD have relied mainly on team building and interpersonal feedback (Blake & Mouton, 1964). Little attention has been given to the substantive issues of marketing, finance and operations, which are planning issues that arise in both private and public organizations. A common assumption of OD in the past has been that content issues will be solved if OD simply provides a more effective underlying process for decision making, such as a trusting climate. Moreover, many OD consultants have not been trained in strategic content issues, so they are not able to make a substantive contribution.

Perhaps the most damaging block in the 1970s was a backlash from critics who saw OD as soft, naive and invasive of individual privacy. Many psychologists have criticized OD for assuming that people could change their behavior so easily after receiving feedback (Armenakis & Field, 1975). Still others have questioned if more harm was done by pointing out a person's interpersonal flaws in public (Boris, 1978). This damaged reputation greatly slowed OD's momentum and popularity.

In addition, OD developed an early reputation for working mainly at middle and lower levels in organizations, but not at the top. The values espoused by OD were rarely those of senior management. Aside from the absence of strategic content, OD's methods typically advocated power redistribution to lower levels and a move toward greater use of participation, bottoms up management and consensus decision making (Bennis, 1969; Beckhard, 1969). OD was often seen as championing the underdog and the less empowered (Argyris, 1957). This advocacy of "democratic" values and methods frequently proved threatening to senior executives.

Management's Blinders

Not all the causes for OD's lack of involvement in strategic planning are due to its own shortcomings. Senior managers have typically displayed more interest in the content and analytical side of strategic planning than in the process and implementation issues. There is a long history of complex analytical models, endless planning books and entire departments of organizations devoted exclusively to the content of strategic planning. At one point prior to Jack Welch, GE had 300 people working on strategic plans at the corporate level (Aguilar, Hamermesh & Brainard, 1985).

Another hurdle exists in the competition provided by many management consulting firms offering strategic planning services. Certain consulting firms devote themselves mainly to strategic planning (e.g., Bain, BCG, Monitor). They spend long hours with clients in gathering data, applying analytical models and making substantive recommendations. Their billing practices have typically been based on hours spent on a project, so the added consumption of time in data-gathering and analysis results in greater consulting revenue. Interestingly, many clients are willing to expend large sums on strategy consulting in return for not only the content received but the reputation of the consulting firm involved. They mistakenly assume that the size of expenditure is correlated with the effective design and implementation of strategies. Unfortunately for OD, its consultant interventions are priced much lower in fees because of reliance on retreats and clients doing much of the work. Internal consultants suffer even more under the expenditure myth because they typically charge little or nothing for their services.

Another block to OD has come from the way strategic planning has traditionally been separated and sequenced by scholars and managers into two relatively independent activities: first, there is a formulation stage, and second, an implementation phase (Ansoff, 1965). The formulation stage has been largely reserved by top management for itself as they focus on content and analysis, while the implementation and change issues are typically delegated to middle and lower management. OD has frequently contributed to implementation and the organization change process (Tichy, 1983), but rarely has it been involved in the formulation stage.

Brief History of Strategic Planning

If OD is to make headway in the future on issues of strategy formulation, it needs to understand and fit with the historical and intellectual context of strategic theory and knowledge. Three rough and overlapping phases tend to characterize the evolution of strategic thought and practice: 1) the business policy phase prior to 1975; 2) the competitive advantage phase 1975-2000; and 3) the dynamic total systems phase after 2000.

Business Policy Phase - Prior to 1975

The origins of strategic planning are traceable to the business policy course at the Harvard Business School after WWII (Cruikshank, 1987). Its focus was on the directional problems facing the total firm and its senior management. The course objectives were to train future managers in diagnostic and judgment skills for evaluating alternative courses of action. The policy course was viewed as the "capstone" for the program, drawing off all the business disciplines. It treated organization and leadership as essential to effective planning. However, there was little formality given to strategic planning itself, other than to engage students in discussing problems and opportunities facing the firm.

During this same period, OD had its birth and ascendancy (French & Bell, 1972). However, OD had little to say about strategic planning; instead, its focus was on team building, interpersonal relations and culture change. A strong emphasis was placed on changing organizations toward more participative methods and consensus management (Likert, 1961).

The Competitive Advantage Phase - 1975 - 2000

Michael Porter's books on achieving competitive advantage through an analysis of market forces and internal resources became the cornerstone of this phase (Porter, 1980). The major consulting firms, especially BCG with its growth share matrix, fueled an explosion of economic and marketing models for analyzing the competitive situation of firms. Their focus was on helping a client to plan for a market by locating a profitable niche relative to competition. Many of the planning models were quite complex and formalized (Ansoff, 1984). Numerous organizations created large planning departments at the corporate level for the purpose of developing detailed planning books to instruct managers on both strategic and tactical plans.

Later in this phase there was a rebellion against the widespread emphasis on formal planning, complaining about the number of well-developed and expensive formal plans that were never implemented (Pettigrew, Mintzberg & Lorange, 1987). The term "analysis paralysis" was commonly used to criticize bureaucratic planning. So attention shifted more to implementation, and here the organization came more into the forefront as the target of change, thereby providing an opening for OD.

In response, OD began to move away from its past emphasis on interpersonal relations to deal more with operational issues of strategic and cultural change. There was growing interest in structural design (Alpanger, 1995; Passmore, 1994), and self-managed work systems (Cohen & Ledford, 1994). However, OD was rarely involved in the formulation and analytical phase of strategic planning. During this time, OD's traditional methods of using T-groups and interpersonal feedback to promote change had lost their relevance for solving macro issues of strategic change, although these methods remained popular for dealing with issues of individual development.

The Dynamic Total Systems Phase - After 2000

The millennium ironically brings us full circle back to the earlier first phase when organization and leadership were regarded as integral to strategic planning. This development presents OD with an opportunity to play a more valuable role, and with fewer roadblocks in front of it (Lawler & Mohrman, 2003).

Instead of sequencing formulation before implementation as before, the entire strategic planning process is currently regarded as one of simultaneous interaction between implementation and formulation (Nadler & Slywotzky, 2005). For example, the backgrounds of people invited to participate in the planning effort, such as choosing between outside consultants or middle managers, can significantly affect both the content of a strategy and its action steps. Or the specific process chosen to draw up plans, such as using retreats or task forces, or taking a bottoms up or top down approach, will not only affect employee commitment but the resulting content.

This dynamic and interactive link between strategy, organization and leadership gains its impetus from fast moving events in today's world of global and intensified competition (Hammer& Champy, 2001). Strategic planning for time periods longer than three years has proven difficult for many organizations, and even futile for some. Consequently, many organizations with limited time horizons for planning must become stronger and more flexible in their readiness to change rapidly, even learning to invent new strategies on the spot. An innovative and dynamic organization will likely provide higher quality and real-time input to the content of planning than will a bureaucratic and slow moving one.

OD and Strategic Planning Today

A combination of OD proponents, organization theorists and consultants have made recent forays into strategic thinking and practice. Most of these efforts have been directed at the underlying capabilities of organizations to implement planning, but not at the strategic content and the formulation process. A comprehensive textbook on OD covers many of these new and previous approaches (Cummings and Worley, 2005).

One common approach taken by OD consultants is to use "team building" at the senior management level to prepare the top team in its readiness to plan and engage in change activities. In these instances, the content side of planning is left to the managers involved. Another approach is to perform a group vision setting exercise where the participants discuss and offer their perceptions and projections for what they want the company to look like in the future (Lipton, 1996). Typically, these exercises do not include much about the realistic limits proscribed by economics, competitors, products and financial resources.

Probably more OD progress has been made at the theoretical and research levels than at the practice level. Many "macro" theories of strategic change have been advanced from research to describe what happens when organizations attempt to change their strategies (Hinings & Greenwood, 1989). All of them make clear that strategic planning is a top-down yet collaborative process, reaching out eventually to involve the entire organization with implementation. They also recognize the importance of substantive content in strategy making. The chapter by Michael Beer in this book proposes one such model for achieving strategic change that integrates Theory E (economics) with Theory O (organization). Beer also suggests ways to hold a thoughtful planning discussion, as well as a number of principles for senior leadership to follow in furthering E and O integration, such as "demand a lot and give a lot".

Other recent strategic change models involve multiple phases, each serving to advance the planning process toward more complete and strategic change. These models depend for their outcomes on the interaction between the situation and a series of interventions taking place. One such model is called "integrated strategic change" (ISC), which is based on four phases while also addressing the content of strategic planning (Worley, Hitchin & Ross, 1996). This model's series of phases are common to most normative strategic planning models: analysis, strategic choice, action plan and implementation--while adding the OD importance of maintaining management participation throughout the process.

Another model suggests seven descriptive phases of successful strategic change based on research, beginning with "negotiate a mandate for change from above" (Greiner, Cummings and Bhambri, 2003). The seven phases represent one of the few change models, like Beer's and Worley's, that directly address and include the substantive content of formulation in planning. The authors also identify certain contextual conditions that are likely to block or enhance a change effort, such as external environments with more or less "slack" (e.g., high regulation equals low slack, meaning less space and support for change). Also, there are internal organizational conditions affecting progress, such as having extensive experience previously with change makes organizations more receptive to future changes.

Unfortunately, none of these newer models give sufficient consideration to the concrete methods involved in planning itself. Little is said about how the strategic plan is actually created in an on-going way at the top management level. The Greiner et al model does include a phase where the top management group collaborates to develop a new strategy that later provides the basis for designing action steps. However, the specific "real-time" dynamics of how management interaction takes place during the strategy formulation phase is not clearly described or explained.

One recent theoretical contribution with OD implications is the literature on Appreciative Inquiry (AI) (Cooperrider, Sorenson, Yaeger, & Whitney, 2001). AI's basic premise is that organizations change in the direction that they inquire. The connection between AI and strategic planning runs something like this: if members of an organization search for what they have done "best" in the past, that insight can be built upon through visioning a future centered on the organization's best practices. AI is basically a philosophy that searches for the positive in people and organizations, on the belief that the resulting insights will unblock people from negative thoughts and stimulate more positive action (Cameron, Dutton, & Quinn, 2003).

Some consultants have directly applied AI to the process of developing a vision for organizations (Lipton, 1996). Lipton proposes a sequential process to develop a vision before determining a mission and strategy; that is, if members of an organization can gain a better sense of purpose for the organization, this will energize the later development of a more specific strategy. However, our own experience is that the activity of setting a vision is not necessarily a precursor to working directly on a new strategy. In fact, as we will show later in a case example, a new vision emerged while the management group directly discussed its strategy.

Closely related to AI is the concept of "organizational learning" (OL), which relies on continuous experimentation and innovation to cause employees to develop an increased capability to learn and create solutions for changing conditions (Senge, 1990). OL seeks to harness the collective intelligence and experience of employees as they innovate, experiment and reflect on their actions. When this creative behavior becomes widespread and continuously applied throughout an organization it can be called a "learning organization."

The inherent difficulty with using AI and OL theories to accomplish strategic planning is that both concepts are general and abstract, and sometimes regarded by critics as idealistic and unrealistic. Some organizations have tried "visioning" as an activity by itself without also moving into strategy formulation, and this has been a failure (Lipton, 1996). Few people can point to an existing "learning organization" that is continuously reinventing itself.

In addition, the two theories, or philosophies as we prefer to call them, are largely behavioral and organizational in their focus, which is more typical of OD in the past. They tend to represent mainly the Theory O side of Beer's model, while neglecting the Theory E economics side. Underlying AI and OL thinking is OD's traditional but questionable assumption that if behavioral processes are working well and people are motivated, the organization itself will automatically make good content decisions and perform effectively.

This continuing gap in knowledge concerning a lack of adequate planning methods becomes our focus in the next two sections where we discuss a new approach for joining OD with strategic planning during the formulation phase.

Case Example of OD and Strategic Planning

A real case history, the Mega Corporation, is now presented to show how OD methods can be used to facilitate substantive decision making about strategy. This is the only case we know of that provides a real-time dynamic picture of strategic planning in action. (When I say "we" it includes Professors Tom Cummings and Arvind Bhambri of USC). The case was written a few years ago when we, serving as consultants at Mega, were beginning to develop new methods for facilitating top teams through strategic planning and change process. This account is excerpted from a longer case series that describes the entire process of strategic change at Mega over two years (Greiner, Olson & Poulfelt, 2005). As you read through the case, look for how process (Theory O) and content (Theory E) interact to create a new strategy for Mega, leading to a successful implementation plan.

The Mega Case

The Mega Corporation, with revenues exceeding $900 million, was the fifth largest marketer of liquefied petroleum (commonly called propane) in the U. S. Headquartered in Denver, Mega employed 2,500 people and served over 300,000 domestic, industrial, agricultural, and motor fuel customers nationwide through a network of wholesale and retail outlets. Mega was a major subsidiary of Alpha Industries, a $3.5 billion diversified corporation recently taken private through a leveraged buy out (LBO).

Six months after Tom Rice became CEO of Mega, he invited one of his former

MBA professors, Mark Drake, to visit the company as a consultant. Drake and Rice had remained close friends and colleagues since Rice's graduation ten years before. Over the years, Drake had advised Rice on his career, which had been largely in management consulting, and on several occasions Rice had asked Drake to work with him on consulting assignments.

On Mark Drake's initial visit to Mega, Tom Rice asked Drake to interview his senior executives for issues that "they believe need to be addressed in the development of a long-term strategic plan". Drake was assisted in the interviews by Jim Dunn, an academic colleague of Drake's. They reported back that indeed his executives wanted a strategic plan, and gave recommendations for how to proceed. A series of retreats was suggested and a retreat format was presented on how to proceed (Appendix A for agenda).

The first retreat was organized around three broad topics: strategy for the company, organization structure, and the top management team. The retreat was held at a "no frills" hotel (requested by Rice), lasting from Friday noon to Sunday noon. Rice and his seven senior executives, all of whom were members of Mega's executive committee, attended the retreat along with Mark Drake and his assistant, Jim Dunn. Rice requested that Drake serve as moderator so that Rice could participate with the others.

> "The group is looking to me too much, and I don't have all the answers. They have to become more active and vocal with their points of view."

In opening the retreat, Rice told the group, "I have no hidden agenda. I just want us to dive in and see where it takes us." The consultant began with a short lecture based on Michael Potter's (1980) strategy framework, and then he used the framework in leading a discussion of Mega's competitive situation. Several flipcharts were filled when a heated interchange took place between Tom Rice and two members of the group:

Rice: "Why do you guys see so many threats and so few opportunities?"

March: (VP of Transportation) “Because the market for propane is so mature and customers for propane are limited."

Cook: (VP of supply) “Besides, even if we could sell more propane, we don't hove enough money for investments because all our cash goes to Alpha to pay off the LBO debt."

Rice: "I feel that we can take control of our own destiny, no matter what the others say. Let's don’t blame others for why we can't take control."

Mark Drake then intervened to suggest that the group divide into two sub-groups for the purpose of, "Identifying two to four alternative strategic directions for Mega, along with the pros and cons for each alternative." Two hours later, they reported back, initiating a debate over two particular strategic alternatives: (1) diversification, or (2) exclusive focus on propane. Although Mega had already diversified into a limited number of non-propane businesses before Rice was appointed CEO, several members of the group were not as pleased with this direction, and the IT member said, "There are still lots of opportunities in propane if we make acquisitions and are more selective in our geographic markets." But another member, Andy, who was in charge of Marketing, argued strongly for diversifying out of propane. Tom Rice remained quiet throughout this discussion, despite having participated actively in one of the sub-groups.

The second day of the retreat again involved the use of sub-groups to examine the issue of determining the best organization structure for Mega. The groups met after the consultant gave a short lecture on various structural alternatives, along with describing the various conditions under which they might apply. In their sub-group reports, one group proposed a decentralized product structure divided between industrial and retail divisions, while the other group advocated staying with the current functional organization structure.

The ensuing discussion became argumentative and wandering, with one member finally observing, "We can't solve this problem until we decide on our overall business strategy." Everyone seemed to agree, at which point Rice suggested that the group return to the strategy discussion. The second consultant then gave a brief lecture on designing a strategy/mission statement. He told the group that the statement should, "sum up the company's desired identity, be brief and clear, put into writing, and be made understandable to all employees." Two new sub-groups were then assigned to draft suggested statements of strategic direction for Mega.

At the end of the second day, each sub-group presented surprisingly similar strategy statements. Both groups seemed to agree that Mega should, as they said, "concentrate exclusively on the propane industry," "become more marketing oriented," "make acquisitions," and "set high financial goals." Their sub-group discussions had determined that Mega, despite being in a mature industry, could still "clean up", as they put it, because its major competitors were "badly managed" and there were many small "mom and pop" operations that might sell out.

The remaining discussion centered on how high their financial goals should be; a central concern was how could Mega still generate cash for Alpha while also making investments in acquisitions and additional marketing programs? A way out of this dilemma was found when one member proposed selling the non-propane assets, closing down low profit propane outlets and cutting operating costs. When another member suggested that the company should try to "double profits in five years," Tom Rice said, "I could set very excited by that goal, and I know I can sell it to Alpha."

The retreat ended on Sunday with Tom Rice complimenting the group and leading them in a discussion about follow-up steps. It was agreed what each person should draft a separate strategy statement and give it to another member, Bill Hope, for final drafting of a single statement. Rice asked that the final draft be, "subjected to some hard market and financial analysis," and that, "it should be tried out in some group meetings with middle managers for their reactions." Rice then announced that the group should meet again in six weeks for a second retreat to, "ratify a new strategy statement and resume discussion on organization structure."

The second retreat began with a presentation by Bill Hope of the final draft strategy statement (see Appendix B for agenda). Everyone quickly indicated approval, with one member thumping his agreement on the table. For the rest of the morning, two sub-groups met to evaluate the statement against a number of criteria provided by the consultants, including these questions: "Is it realistic in its assumptions about the marketplace and what we might be able to achieve?" "Is it sufficiently clear and easy to communicate?" "Do we find the statement exciting and challenging?" "Is it enduring but also selective enough to aid in screening major decisions?"

When the two groups returned, they reported that the draft statement met most of the criteria, but they also wanted it shortened and to include a more explicit focus on increased propane marketing. Jim Dunn then drafted an abbreviated statement over lunch. When Dunn read the following redrafted statement to the group in its afternoon session, spontaneous applause broke out:

> "Mega is a leading marketed and distributor of propane and related services. We set aggressive financial goals and achieve growth through market development

and acquisitions. Our people establish a competitive advantage in selected market segments through a unified effort that demands:

- A strong marketing orientation
- High standards of safety
- Outstanding service "before our customers need us"

The retreat ended with Tom Rice expressing his personal commitment to the new strategy statement, and then he added, "We need to do some more thinking about our organization structure, so let’s keep talking about it until our next retreat in one month."

While the Mega case continued on through additional retreats and implementation steps, we complete our discussion of the case here with its written strategy statement having been formulated. This statement became the crucial document for providing a foundation to later develop detailed plans in moving ahead. All of the next steps and additional retreats are discussed in more detail in the longer case series. To summarize some of the follow-on events, Mega's new strategy was announced at a large employee meeting with a band and a banner reading, "Double in Five Years." A new organization structure was designed, and many people moved voluntarily to new positions. Five acquisitions took place; additional training was conducted for the sales force; new trucks were purchased and old ones repainted. The company doubled its profits in less than three years.

Mega Conclusion and Our Learning

To us the Mega case represents a rare but successful example of using OD to address business content in strategic planning. The structure of Mega's retreats helped the group to explore strategic issues and to develop a written statement of its future strategy. By creating and agreeing to a new strategy, the group contributed not only specific substance to it but also emerged as a more unified team willing to move ahead together. Thus, strategy formulation and implementation happened simultaneously.

Theories of AI and OL can be applied to interpret the Mega experience. From an AI point of view, the group was able to decide that the propane market was what they knew best and that it should form the basis of their future strategy. They appreciated their past strengths and planned to build upon them. Once they gained new insights into how they could compete successfully with propane in the future, they became more motivated to proceed.

From an OL standpoint, the knowledge available to chart a future was already contained within Mega's top group, although it remained diffuse and by no means agreed upon. It only became organizational learning when individual viewpoints were brought out into the open through group discussion to reveal new insights. Strategic alternatives were debated and decided upon, and the chosen direction became a new learning base to guide action steps.

While AI and OL theories provide useful post hoc explanations of Mega's success, neither offers a concrete method that would help a company to proceed in its planning. Mega's success at strategic planning depended more upon its retreat methods and the written strategic statement--all supported and reinforced by interventions by the CEO and consultants. This draws us back to specific methods and the need for concreteness in preparing not only a retreat design but in facilitating an on-going discussion process. As we said earlier, the answer lies in the details. In the next section, we describe our methods for connecting OD with strategic planning. Without more concrete approaches, headway is not likely to be made.

Strategy Statement

Since the Mega engagement, we have served as strategy consultants to over ten organizations, ranging across a large academic association, a hotel chain, a major construction firm and an aircraft engine company. During this time, we have continued to use retreat designs like at Mega, including a structured agenda and sub-group meetings--all intended to advance the planning process toward producing a written strategy statement and action plan.

Our subsequent consulting experience has been directed at fine-tuning the format for the written strategy statement and improving the design of retreats. The statement format represents more the content side of strategic planning, while the retreat design reflects more the process side. The consultant's challenge is to make the two sides interact effectively.

Criteria for Strategy Statement

Strategy is a complex subject that involves abstract and elusive concepts. It is very easy to turn the subject into an intellectual exercise without producing much in the way of concrete meaning and relevance. So we have made an effort to simplify (but not oversimplify) the subject into key elements that senior executives can not only understand but act upon and communicate widely throughout their companies. The statement should be brief and clear in its wording and stated in bullet points on one page; otherwise it becomes obfuscated by endless verbiage with too many opportunities for misinterpretation by members of the management team. Putting the strategic statement into writing is essential to solidify understandings and agreements reached in the management group. It then becomes the basis for all further planning and action taking.

When we made the original assignment to the Mega group to produce its written statement, we spelled out the following four criteria:

1. Write a clear and brief statement of strategic direction

2. What will be its product/market focus?

3. What will cause the firm to win against competition?

4. How should the firm be managed, and with what values?

We have continued to adhere to these criteria as we have developed new formats for strategic statements. Based on the Mega experience, we concluded that any strategy statement must begin with a proposition concerning where an organization places itself in the marketplace and how it plans to win against competitors. We call this the "competitive logic" that drives the strategy and its action steps. While the final Mega strategy statement appeared relatively short and simple, it represented a clear and dramatic departure from the firm's previous strategy. The new statement specified a new competitive logic where Mega would: 1) focus only on propane distribution, which had been under debate among some members who contended that profits could not be made from a commodity type product; 2) charge more per gallon while emphasizing safety and service as a way of attracting customers from the "moms and pops".

Behind this logic lay a clever economic rationale that was later to yield considerable profits for Mega. A fresh insight occurred during the group discussion when they realized that by creating a strong reputation with customers for service and safety it would be possible to out-compete the many small "mom and pop" competitors that did not excel at either service or safety. In doing so, they were betting that customers would be willing to pay two cents more per gallon in exchange for service and safety. While propane is an undifferentiated product and therefore price sensitive, it is also a dangerous product, which is obviously important to customers. In addition, these same customers require good service because they are dependent upon propane for heating and cooking.

An additional 2 cents per gallon which, if achieved, would become marginal revenue and therefore fall directly to the bottom line as profit. And that is in fact what happened.

Next, we concluded that the statement should include additional elements beyond the competitive logic to assure that the logic would indeed be realized. These grew out of other elements embedded in Mega's written statement: 1) make acquisitions, which had never before been considered, meaning they would seek to dominate certain markets; 2) locate only in selected markets, meaning they would get out of certain markets where they were at a competitive disadvantage 3) set aggressive financial goals, which had not been set previously; 4) emphasize marketing when previously Mega was seen by customers as merely an order-taker; and 5) emphasize being "united" together as a value of the total organization.

Without these additional elements, the Mega strategy statement remained detached from operations and leadership, which hinders implementation. The statement clearly suggested specific directions for action taking, such as making acquisitions. Subsequent retreats added other elements like the goal of "doubling in five years", along with several initiatives and action steps. We observed later that these elements seemed interrelated and reinforced each other so as to align organization and leadership with the competitive logic.

Finally, we determined that the statement should be worded more as a set of "guidelines", instead of a highly detailed planning document. The environment surrounding most organizations is moving too quickly and in surprising ways to rule out needed flexibility. Strategy statements need to be reviewed and revised frequently.

New Statement Format

From this learning and other consulting experiences over time, we gradually designed a new format for strategy statements composed of five key elements--competitive logic, financial goal, rallying goal, organization and values, and initiatives with action steps. Appendix C displays our newest format as it is applied to an example of a petroleum refining and distribution company.

I. Determine Competitive Logic

Example from petroleum company in Appendix C:

Value Proposition: Focus on high traffic areas of major cities in the South, and seek high sales volume from each city through lower prices and other services at each station.
Tiebreakers: 5 cents lower per gallon; no hassle highly automated service; provide snacks and drinks; accept cash or ATM cards only.

We begin here with the “competitive logic” for the organization, which is subdivided into a "value proposition" and set of "tiebreakers". This is an integrated economic and marketing statement concerning how the firm will position itself in a chosen market niche which is favorable relative to competitors (the value proposition), and then once in this niche what it will do to be different from close competitors in efforts to attract customers (the tiebreakers).

We do not start with a statement of “mission” or “vision” because we regard the former as too passive and the latter as too idealistic, and neither was necessary to perform the Mega exercise. The most difficult task is to decide on a profitable location in the marketplace where the firm can not only achieve a competitive advantage but also find space to grow.

In the petroleum company example above, the firm's management chooses a market position located only in large cites of the South, which permits a channeling of resources. They have also decided to set lower prices, along with adding such features as no hassles service and snack foods to differentiate from competitors. Other examples from clients in our experience include a college of liberal arts that decided to raise the ranking of 10 of its 32 departments into the top 10 rank of competing departments at research-oriented universities. To do so, two key tiebreakers became the accumulation of additional endowment money and an emphasis on interdisciplinary research. These features helped to attract super stars away from competitor universities as they sought top 10 ranking. Another example includes a hotel chain that decided to stay in the Western U.S. instead of expand nationally, and then price itself just under competing five star hotels, while also going after large, highly profitable conference groups by offering exceptional service and pricing.

II. Set Key Financial Goal

Example: Increase urban market share by 20-24% over 3 years

Here we find it useful for the management of both private and public organizations to set a quantifiable financial goal for the entire organization, usually a single goal and not more than two over a defined time period. Most organizations establish too many financial goals and therefore lose focus. The overall financial goal should be aimed mainly at the management instead of front-line employees who may not identify with it. A challenging but realistic financial goal provides not only a motivating target but also a screen for investment decisions to assure continuity with the competitive logic.

In the example above, the petroleum company set a financial goal to increase market share, which is consistent with its value proposition of achieving greater sales volume. In our hotel chain example, its management set a goal of 30% operating profit for each hotel, which was consistent with a new competitive logic of asking each hotel to become more responsible as a profit center for exploiting its local market. The university set a multi-million dollar goal of raising a large amount of endowment to support its tiebreaker of providing chairs to attract super stars.

III. Create Employee Rallying Goal

Example: #1 in the South

This additional, though different from financial goal, is needed to promote an emotional uplift to many employees throughout the organization. A rallying goal helps to stimulate a positive motivational response toward the new strategy. This emotional goal often becomes more important to the wider workforce than an abstract financial goal with vague accountability. For the petroleum company, the rallying goal to become # 1 in the South is consistent with the value proposition of producing increased sales volume in its market segment. The Mega propane example of "Double in Five Years" gave new hope to everyone that the company was indeed on the move and that additional career opportunities would become available.

IV. Set Organizational Guidelines and Management Values

Example: Decentralized organization with each major city operating as a revenue center

This element requires participants to consider the kind of formal organization and management culture needed to carry out the competitive logic and reach new goals. The key leverage points for implementing strategy are formal structure and the informal culture. There are many alternative formal designs to consider, ranging from a centralized functional design to decentralized profit centers. For creating informal culture, managers must act out new values in their daily behavior, such as expressing a high concern for customer service, or acting with "all cards up" in meetings, or expecting staff groups to serve the line organization. They become the role model for others to emulate.

In the petroleum example, each city is made responsible through decentralization for its own revenue, thereby supporting the firm's value proposition and financial goal of increasing sales volume at the city level. In the propane example, Mega created a small department to make acquisitions and made it report directly to the CEO, thereby assuring that implementation takes place.

V. Provide Strategic Initiatives and Action Steps

Example:
Initiative: Implement new incentive pay system by year end
Action Step: HR needs immediately to design system

This last element translates strategy into a priority of action steps that can be measured and monitored. Without this key element, the strategy becomes a mere slogan and paper exercise. We have found that only about 4 to 6 major initiatives can be effectively managed by most organizations; otherwise, employees lose focus with divert energy. Each initiative provides a general direction, while 4 or 5 specific action steps listed under it help to assure implementation.

As before with the other elements, each initiative must be consistent with the competitive logic. For example, the petroleum company planned to install high speed pumps to implement the tiebreaker of providing fast and efficient service. Mega moved to put their front line employees through service training, and also bought new trucks to create a favorable impression for reliability and safety, which were key tiebreakers in persuading customers to pay 2 cents more per gallon.

Non-Profit Organizations

When using our strategic statement format in non-profit organizations, we find it initially a challenge to get participants to think in terms of a competitive logic, but this becomes possible when they are asked to identify specific competitors and to consider what they have to do to attract "customers" (e.g., the public, students, etc.) away from competitors. Every public organization has competitors, though often unrecognized by their managements. While profit is not in their charter, financial goals can still be stated in terms of operating costs or revenues--e.g. student tuition, faculty salaries and alumni giving. There does not seem to be any difficulty for non-profits in using the other key elements in the written statement.

Retreat Design and Conduct

OD has made traditional use of retreats, which we find them highly relevant for strategic planning. As in the past, retreats remove people from the distractions of the office and provide time to reflect and focus. However, the explicit content brought up for discussion in strategic planning retreats is significantly different from traditional OD sessions; issues of team building are replaced by the content issues of markets, products, economics, and organization structure. To be sure, there is team building taking place but it is in the background as people work together to develop a strategic plan. More importantly, a strategic retreat, if organized correctly, allows participants to engage planning content by contributing ideas while also seeking consensus and commitment to a new strategy. A poorly designed retreat can easily dissolve into a meandering discussion with lots of disagreement and little progress.

Several considerations go into the actual design and conduct of our strategic retreats. These include: 1) the goals of the retreat; 2) preparation for the retreat; 3) structure of the retreat; 4) conduct of the retreat; and 5) follow-up steps.

Retreats Goals

Our strategy retreats are intended to achieve a clear and straightforward objective--to develop a strategic plan that gets implemented and leads to successful results. We have also found it important to produce a "product" by the end of each retreat; this provides an end-goal incentive and a focus to the discussion. For the first two retreats, the product is completion of the written strategic direction statement, and for each of the following retreats it is to decide on a specific aspects of the action plan, including who does what and when. There are also process goals, namely to: 1) unlock and surface information, opinions and ideas from the participants, and 2) build consensus and commitment to a final strategy statement and plan of action. These process goals are essential for creating quality content and assuring implementation.

Preparation for Retreats

There are several preparation steps, which range from arranging simple logistics to interviewing attendees before the retreat. First, who should attend? Our experience is that it should at least be the top team reporting to and including the CEO or head of the unit in question. We frequently add a few influential members from the next level of management. The total number of participants should be somewhere between 10 and not more than 15 because a larger group is difficult to manage. Next, there is a choice of appropriate facilities. We prefer quiet locations not too far from headquarters but far enough away so people don't run back and forth at night or during the day. There should be adequate breakout rooms for sub-group meetings and the right media equipment to record comments and make presentations.

Most important is for the consultants to perform a preliminary analysis of the company situation facing the participants. In our earlier days, we held personal interviews with each attendee beforehand; however, today the internet permits a faster and less expensive way to interview. We send an email message in advance to each of the participants asking them to compile individually a SWOT list of strengths, weaknesses, opportunities and threats on one page, placing 3 or 4 bullet points under each category. We receive their responses by email while assuring them of confidentiality and anonymity. Next, we identify the patterns running across all the SWOT responses, which typically indicate a lot of agreement (the web-based results seem just as valid as obtained through interviews). Then we use our summary analysis to kick off the first retreat where we ask the group if our analysis provides an accurate picture of the company's current situation. This step facilitates a fast starting foundation to build upon while heading off later disagreement about the state of the company.

Structure of Retreats

The agenda is based on the format for writing the strategic statement, and the schedule takes the group through the format. Appendix D gives a sample schedule for an opening retreat, which includes the following key points:

- We begin with an introduction by the CEO who expresses his/her seriousness in developing a new strategic plan. We then give a summary of the patterns in the SWOT analysis, and ask for a discussion to reach agreement on the findings.
- Next, we introduce the rationale for writing a strategic statement with a short lecture on the current state of strategic planning, so that everyone understands how and why we will be approaching the subject as we do.
- And then we proceed through a rotating mix of large group and sub-group discussions, each focused on developing one of the five key elements in the format of the strategic statement.
- During the first evening, we draft a statement of the elements covered so far by the group presentations. This draft is provided to the participants for review at the start of the second day. The group indicates areas of consensus and suggests revisions. They continue to work on the remainder of the five elements.
- The first retreat ends with a discussion of a suggested final draft prepared by the consultants. This is followed by preliminary work on the last section of initiatives and action steps, which are not included in the draft but provide a basis to prepare

for the next retreat. The group is reminded to make the initiatives and actions consistent with their definition of the preceding elements in the draft statement.

- In the final part of the retreat, we discuss next steps to expose the draft to middle managers for feedback before the next retreat. This begins the process of extending the change process to the larger workforce, which is accomplished through a series of meetings run by pairs of senior managers from the first retreat. The meetings ask if the draft statement is sufficiently realistic and inspirational; will it work and can they get behind it? And what suggestions would they make to improve it? Their reactions are fed back to the consultants for preparation of a redraft for the second retreat.
- The second retreat (and a third if necessary) focuses on not only finalizing the draft statement but also on designing a new organization structure and on refining initiatives and action steps. The issue of organization structure is difficult because it threatens people's power positions. We usually ask for alternatives with pros and cons, reminding the group that any chosen structure must be consistent with the competitive logic. Often times the CEO has to take the alternatives under advisement and then make a decision later after the retreat ends.
- The last retreat is normally used to work on follow-up issues like how to communicate the statement widely, announce organization changes, and how to expand the change process to lower levels of the organization. Personnel changes are usually decided outside the retreat structure.

A major organizing principle in designing the retreats is to make continuous use of sub-groups to discuss each element in the statement. We find the quality of content is advanced and reinforced when sub-groups report back to the total group. This allows us to identify areas of agreement across groups, which lends credibility and validity to the points being made. Also, the use of sub-groups is more anonymous than can be obtained if the entire group is sitting in front of the CEO.

Conduct of Retreats

The consultants and CEO provide two key but different roles to help in moving the retreats forward. The consultants provide the expertise in retreat design, and the CEO is able to intervene when only his/her words can make a difference to the group. The facilitators (we prefer two to divide the work and complement each other's expertise) are responsible for: a) consulting with the CEO on retreat design; b) conducting the internet interviews; c) giving mini-lectures on strategy concepts to the group; d) introducing and summarizing each part on the agenda; e) writing drafts of the statement of strategic direction; f) intervening when the process is not going smoothly; and g) bringing the retreat to a close with next step planning.

The consultants must be expert at both strategic content and OD approaches to process design. As we indicated earlier, they cannot focus solely on process while relying on the client's managers for strategic thinking. The client's knowledge on how to perform strategic planning is likely to be quite parochial and unique to the firm's past practices. An OD facilitator without strategic knowledge must team-up with a partner who is expert in that discipline. These outsiders to the top management group cannot decide anything during a retreat, so it is essential to have a supportive CEO present. A defensive or over-controlling CEO will inhibit participants, making them hesitant to speak up or say what the CEO wants to hear. At the same time, an effective CEO will know when to step in to decide issues that cannot be decided by the group. We see that kind of constructive intervention by the CEO in the Mega case.

Follow-up Steps

It is likely that 3 to 5 retreats over a year or so will be required to complete the planning process, including the initiation of action steps. The real competitive advantage usually comes to light when the workforce embraces the strategy and begins to make decisions consistent with it. To communicate the strategy more broadly we have often conducted large follow-up retreats attended by as many as 100 front line employees to hear the CEO and other managers discuss the strategic statement and its implications for the workforce. These large groups are sometimes divided into sub-groups to identify where gaps exist between current practice and standards set in the statement, and what actions should be taken to close these gaps. Excerpts from the statement can also be used for PR purposes, for presentations to analysts, for the annual report, and for advertising to the public.

It is also helpful to appoint a small task force composed of managers from different levels to oversee follow-up. They report to senior management on progress or lack thereof. Senior management must maintain an energetic and continuing focus on accomplishing the major initiatives and goals articulated in the statement. If they turn away, the rest of the organization will lose confidence in the plan. The CEO must behave the plan in the statement.

Remember the Context

We remind all readers that any OD effort needs to match well against the situation in which it is applied. There are organizations that are more ready for strategic planning and change than others. There are also organizations more ready for OD but without sufficient market opportunities for growth, such as occurs in highly regulated industries (Greiner, Cummings, & Bhambri, 2003). There are also CEOs who want to involve their senior managements and those who do not. There are senior managers who do not respect their CEOs and are unwilling to take direction (Greiner & Schein, 1989). Even the best

OD approaches are unlikely to overcome these difficult hurdles. As a result, good facilitators must also be skilled diagnosticians who first understand the client's situation before proposing OD methods to conduct strategic planning.

Another situational caveat to keep in mind is that strategic planning likely occurs within an overall change process. As mentioned previously from past research, successful strategic change tends to evolve in overlapping phases where one phase supports the next (Greiner L., & Bhambri, A., 1989). For example, a strategy must be set before a new organization structure is designed. And a new organization design is necessary before moving people around to new positions. Power and politics will undoubtedly become involved as vested interests are threatened, so astute CEOs will solidify their support with their Boards before embarking on strategic change.

Finally, our model should not be applied rigidly. It reflects a total model of what needs to be considered, and its integrity depends on the logic between elements. However, client managers may already have a good understanding of their value proposition logic and need more work on tiebreakers, goals, organization and initiatives. The pre-engagement SWOT analysis will reveal a lot about the client situation and where you need to begin.

Future Challenges

We have described only one approach in using OD methods for strategic planning. If OD is to make this link in the future, it will have to move ahead on several fronts:

- OD will need to invent new methods beyond its traditional repertoire of team building, feedback, and participative decision making. These newer methods, similar to ones used at Mega, will help to facilitate a constructive discussion of strategic content. Retreats are a useful forum for a team to reflect and focus on strategic content, but we need to know more about how to organize such retreats and how to schedule them over time to facilitate movement through the various phases of strategic change.

- OD must inform itself better about the content of strategic thinking and become more comfortable in dealing with strategic issues. For too long OD has stayed away from the subject of strategy, preferring to focus on behavioral issues. OD advocates can easily recognize that the formulation of strategy is partly a behavioral issue--including who participates in the strategy setting, how the behavioral process of strategizing is conducted, how commitment to implementation is secured, and how the wider workforce is motivated to adopt behaviors consistent with a new strategy. However, simply limiting OD to behavioral issues is not enough because decisions must be made about economics, markets, competitors and products. It is these latter topics that OD needs to understand better, and then be able to design formats to address them.
- OD facilitators must gain greater access to the halls of senior management where strategic planning takes place. They can begin to do so by acquiring the content expertise described above and also by achieving success with strategic planning at lower levels in organizations. Many large firms have divisions with functional groups that need strategies; these are good places to build credibility. Acquiring comfort in working with people in positions of power is important, especially for those OD professionals who have worked for years at lower levels while championing the underpowered.
- OD will need to convince clients through successful results that the payoff from strategic planning lies as much in the process used to create a strategy as in the

content. Without a strong team effort to plan and agree on a strategy, there is little chance for developing a realistic strategy and assuring its implementation. The message to senior management from OD should be that the necessary knowledge to create a successful strategy resides more in the heads of the manager participants than in the brain power of consultants. However, much of this managerial knowledge remains dormant and hidden, serving as diverse personal agendas to promote oneself and never to be discussed and analyzed in a public management forum. An effective OD process can help to surface hidden knowledge in a constructive way and incorporate it into a consensus plan. By creating and owning a new strategic plan, even if imperfect, management is more likely to implement it.

The coming years will present a rich opportunity for OD to contribute to strategic planning. Science is producing discoveries rapidly, the web and information technology are enabling rapid communication and response, and global competition is clearly intensifying. Senior managers cannot wait for consulting firms to perform lengthy studies to tell them what to do under short timeframes. They won't sit still for analysts engaged in weeks of data-gathering and a search for analytical perfection. Managers want to be involved in charting their future. The key planning question facing these managers is: How quickly can we work together as a team to share our knowledge openly, plan our strategy and reach agreement on action steps?

OD can provide an answer to this challenge. Tomorrow's high performing organizations must create real-time strategies that are focused, clear, flexible, dynamic, and widely adopted. There will undoubtedly be a tighter link required between strategy, leadership and organization, and this integrated link will need to be reviewed and revised frequently. These are characteristics that OD understands but it must act now by embracing strategic planning. If it does, the traditional strategy consultants and their consulting firms will have a lot to learn from OD.

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Appendix A
<u>Agenda for First Mega Retreat</u>

<u>Day One</u>

12:00-1:00	**Lunch**	
1:00-4:00	**Strategic Issues and Opportunities**	
		We will try to identify the short-term and long-term strategic issues and opportunities facing Mega. In particular, we will try to gain a clearer focus and specify the alternatives, along with their pros and cons.
4:00-5:30	**Overall Corporate Organization Structure**	
		We will analyze the present structure and its strengths and weaknesses. How well does the current structure fit the current strategy? Then, before adjourning, we still begin a discussion on what types of organization structure best fit the strategic alternatives identified in the prior session.
6:00-7:30	**Dinne**r	
7:30-9:30	**Team Building Session**	
		We will use some self-evaluation techniques to take a closer look at the functioning of the group, and talk about plans for building an even more effective team.

<u>Day Two</u>

8:00-10:00	**Overall Corporate Structure**	
		We will continue from yesterday by examining the relationship between different structures and the strategies already identified.
10:00-12:30	**Distribution Flow**	
		We will discuss the present situation and how it can be made more effective, ranging from how to price it, how to measure it, and how to make it more responsive to the customer.
12:00-1:30	**Lunch**	
2:00-5:00	**Corporate Staff Organization**	
		This discussion will focus on the structure of the staff in Denver and the climate in the office. We will look at how we can become more effective, running from who reports to whom to norms for performance.
5:30-	**Dinner**	

<u>Day 3</u>

9:00-10:30	**Committee Organization at the Top**	
		Discussion of what is the best way for the top executives to organize themselves. What kinds of committees do we need, who should be on them, and what should be-their charter?
10:30-12:00	**Action-Planning**	
		We will review and summarize the specific plans that we made during the meeting. Who will do what to follow up?

Appendix B
Agenda for Second Mega Retreat

Day One

9:00-12:00 **Fine-Tuning the Strategy Statement**

Key Questions:

1. What is effective about Bill Hope's statement?
2. What is missing in his statement?
3. Will it give us direction?
4. Will it box us in or liberate us?
5. How can it be communicated effectively?

12:00-1:00 **Lunch**

1:00-3:00 **Developing a Management Philosophy Statement**

Key issues:

1. Values about what level decisions should be made.
2. Values about involvement of employees in decision making, planning, and goal setting.
3. Values about performance appraisal.
4. Values about employee development.
5. Values about staff orientation.

3:15 – 5:30 **Reevaluating Basic Organization Structure**

Last time we had two structures proposed to us. Can we examine them to determine how consistent they are with the strategy statement we have prepared? Which is more consistent? How might we make a transition toward one of these structures? What actions are most feasible now, one year from now, two years from now?

5:30-7:00 **Drinks and Dinner**

7:00-9:30 **Fine-Tuning Present Organization**

Last time we had several suggestions about improvements that could be made with our present organization. What should we do about:

1. Supply- Transportation interface--should they be combined? How can they work together more effectively?
2. Marketi*ng* organization--Does it need new functions (e. g., director of domestic sales, director of industrial and national accounts)? Should some functions be divested to other groups (e.g., acquisitions, truck fleet, wholesale sales, etc.)? Should regions be consolidated and better balanced?
3. Do we have some functions in the wrong place? For example, there are likely some unrelated units under marketing, and also there is safety now under legal, and training is scattered around, and what about wholesale pricing in IT?

Day Two

8:00-11:30 **Improving the Corporate Staff Organization**

Last time we had some alternative models suggested, as well as a philosophy of how staff should relate to the line organization.

Key questions:

1. Should all staff be consolidated under one SVP of administration?
2. If not, what is the logic for a second set of staff responsibilities, such as one for administration and one for corporate development
3. What is the position with regard to decentralization?
4. How can that be implemented more effectively?

Appendix C
Statement of Strategic Direction – XYZ Petroleum Company

I. Determine Competitive Logic

Value proposition:

- Self-service stations located in South--five southeastern states
- Seek high volume and revenues
- Focus on large cities and suburban high traffic areas
- Cash or ATM purchases only
- All crude provided by Indonesian reserves
- Highly efficient refinery in Louisiana

Tiebreakers:

- Price gas at 5 cents below major competitors
- No hassle purchase--clean, efficient, safe service stations
- Located within easy driving from home and on way to work
- Strong customer orientation; act friendly and courteous at all times
- Provide high margin impulse soft drink and snack foods

II. Set Key Financial Goal

- Increase urban market share from 20% to 24% within three years
- Reduce refinery operating cost by $50 million over three years

III. Create Rallying Goal for Employees

- #1 in South
- 100 new stations in 2 years

IV. Set Organization Structure Guidelines and Management Values

- Decentralize to cities as revenue centers
- Lean corporate staff focused on serving operations
- Incentives for achievement of financial goals
- Be environmentally conscious in all operations
- Do not sacrifice quality or safety for earnings
- Be good corporate citizen; support communities where we live

V. Lay Out Strategic Initiatives and Action Steps

- Replace all single product pumps with high-speed multiple product dispensing pumps by end of year

  Action steps:

  1. Set up task force to move project forward - complete in 6 months
  2. Allocate $2million to project
- Hire new advertising firm to enhance quality/price image

  Action steps:

  1. Select firm in 6 weeks, launch in 3 months
  2. Appoint RWD to manage the project
- Institute new incentive pay plan for revenue increases and cost reductions

  Action steps:

  1. HR draw up plan
  2. Complete for approval and implementation in 3 months

Appendix D
<u>Current Design of Strategic Retreat</u>
Agenda and Schedule

<u>Day One</u>

8:00 **Introduction to Retreat** – CEO
- Purpose of retreat
- Schedule of retreat
- Climate for discussion
- My role here
- Roles of Larry Greiner and Tom Cummings

8:15 **Presentation and Discussion of SWOT Analysis** - Tom C.
- SWOT as foundation for strategic statement
- Based on executive interviews
- Discussion of SWOT conclusions

9:15 **Break**

9:30 **Presentation on Elements to Prepare for Statement of Strategic Direction** - Larry G.
- Current state of knowledge on strategic planning
- Key elements in drafting a strategic statement
- Examples from other companies
- Small group assignment for developing <u>Logic and Tiebreakers</u>

10:15 **Small Groups Meet to Prepare <u>Competitive Logic and Tiebreakers</u>**
- Meet in assigned rooms
- Select speaker and prepare feedback to total group

12:00 **Lunch**

1:00 **Small Groups Present <u>Competitive Logic and Tiebreakers</u> to Total Group**
- Hear presentations
- Discuss similarities and differences
- Identify preferred elements

2:15 **Break**

2:30 **Presentation on How to Develop <u>Financial and Rallying Goals</u>** – Tom C.
- Why specify goals?
- Difference between financial and rallying goals
- Examples from other companies
- Small group assignment

3:00 **Small Groups Meet to Develop <u>Financial and Rallying Goals</u>**
- Meet in assigned rooms
- Select speaker and prepare feedback for total group

4:00 **Break**

4:15 **Small Groups Present <u>Financial and Rallying Goals</u> to Total Group**
- Hear presentations
- Discuss similarities and differences
- Identify preferred elements

5:00 **Summary and Assessment of Day One**

5:30 **Adjourn**

6:30 **Drinks and Dinner**

<u>Day Two</u>

8:00 **Presentation by Consultants of Written Draft from First Day (Competitive Logic and Goals)**
- Total group reviews draft
- Group makes suggested revisions

9:00 **Presentation on How to Develop <u>Management Values and</u> <u>Organization Structure Guidelines</u>** - Larry G.
- Examples of Management Values
- Examples of Organization Structure alternatives
- Small group assignment

9:45 **Break**
10:00 **Small Groups Meet to Develop Management Values and Organization Structure Guidelines**
- Meet in assigned rooms
- Select speaker and prepare for total group

11:30 **Small Groups Present Management Values and Organization Structure Guidelines to Total Group**
- Hear presentations
- Discuss similarities and differences
- Identify preferred elements

12:30 **Lunch**
1:30 **Presentation on How to Develop Strategic Initiatives** - Tom C.
- Guidelines for developing initiatives
- Examples from companies
- Small group assignment

2:00 **Small Groups Meet to Develop Strategic Initiatives**
- Meet in assigned rooms
- Select speaker and prepare feedback for total group

3:30 **Break**
3:45 **Small Groups Present Strategic Initiatives to Total Group**
- Hear presentations
- Discuss similarities and differences
- Identify preferred elements

5:00 **Summary and Assessment of Day Two**
5:30 **Adjourn**
6:30 **Drinks and Dinner**
- Consultants prepare final written draft in evening

Day 3

7:30 **Presentation by Consultants of Written Draft from First/Second Days (Competitive Logic, Tiebreakers, Goals, Values, Organization and Initiatives)**
- Total group reviews draft
- Group makes suggested revisions

8:30 **Break**
8:45 **Instructions on How to Prepare Action Steps** – Larry Greiner
9:00 **Small groups Meet to Prepare Tentative Action Steps** (meet in assigned rooms)
- Select speaker and prepare feedback for total group

10:00 **Small Groups Present Action Steps**
- Hear presentations
- Discuss implications

11:00 **Break**
11:15 **Final Review of Draft of Statement of Strategic Direction**
- Total group reviews draft
- Group makes suggested revisions

12:00 **Discussion of Next Steps** – CEO - Larry Greiner - Tom Cummings
- Hold meetings to review statement with middle management
- Final retreat date and plan to make modifications and plan action steps

12:45 **Closing Comments** – CEO
1:00 **Adjourn and Lunch**

http://www.marshall.usc.edu/ceo