



We need to talk about strategy: How to conduct effective strategic dialogue

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Abstract As researchers and consultants, we have spent the last few years helping a dozen major public and private organizations understand what went wrong with their strategic planning. We discovered that executives have a hard time with strategy because they are at a loss when the time comes to engage in strategic dialogue. Either their teams debate the organization's values and goals when such issues should be settled, or they waste time on the details of specific projects that have yet to receive the green light. But whether the conversation is too broad or too narrow, strategy stays out of view. Drawing on recent developments in strategy-as-practice and decision-making literature, we propose a model that executives can follow to take control of strategy meetings and keep their teams on track. We ask them to focus on the right decision purpose, adjust the meeting's communication style, and cast the right leader for the job. When these three simple rules are followed, the pillars of successful dialogue are aligned, and executives can finally talk about what matters most to them: strategy.

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1. Unstrategic dialogue: A common problem

Pierre, CEO at Bank A (a pseudonym), brought the executive committee's meeting to order and opened proceedings with what he thought was a

simple, direct question: "Should we acquire the portfolio of our main competitor, Bank B?"

Tony, the CFO, dived straight into talking about figures, pushing forward a 30-page report he had prepared. If his calculations were correct, the merger would reap +10 points in net banking income and boost their stock price. The head of transformation, though, refused to even look at the document. With his change management experience, he knew that the merger would jeopardize the digital banking program he had to deliver by the end of the year.

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“How would the merger impact our program?” he demanded. “What are the concrete steps and the timeline?” Then Cynthia, the chief HR officer, threw in her two cents. She was distraught that she had not been consulted earlier on this critical issue. “I would have told you this is a big mistake,” she admonished. “Bank B’s corporate values are a world away from ours!”

Within minutes, the conversation descended into acrimony as the three VPs went head to head. Around the table, other directors slumped resignedly in their seats. Venturing an opinion would only create more friction. Was this merger another of Pierre’s fancies? Was it a relevant and well thought-through strategic decision? With more than 30 years in the industry, Pierre was respected for his strong business acumen, but his impulses had derailed Bank A’s activities in the past.

Pierre realized the meeting was merely sowing resentment. It was not the first executive get-together to end this way. Every time they met, it felt like they were slipping backward instead of leaping forward as he hoped. Why was it so difficult for such brilliant executives to put their weight behind a decision? His disappointment was echoed across the company: After this episode, rumors circulated that a merger was in the cards—though this happened to be false—with some whispering that Pierre might not be the best leader to steer Bank A through such a complex environment.

This real-life case shows us that many executive teams simply do not know how to speak strategically. Executives spend hours in so-called strategic meetings but end up with no clearer idea of where they are headed. They walk in hoping to make progress but come out even more confused about issues they thought were settled, their desks piled high with documents detailing solutions to problems that were never clearly defined in the first place.

As both researchers and consultants, we have spent recent years helping a dozen major public and private organizations understand what went wrong during their strategic planning. We observed executives in committee meetings in which strategies were crafted or implemented in areas from rationalizing product offerings and diversification to M&A and efficiency drives. We scrutinized what was said and done as executives tried to craft a strategy and make it happen. We also collected the documents that were circulated, as well as conducted interviews with key people at every level.

We found that senior executives expend considerable energy in unproductive conversations that change nothing at best or cause conflict at worst. A conclusion from our observations is that executives

have a hard time with strategy because they are at a loss when the time comes to hold efficient strategic dialogue. Their teams talk about the organization’s values and goals when such issues should be settled; or, on the contrary, they spend time laying out the details of a particular project when no decision has yet been made to employ resources into that project. By making the conversation either too broad or too narrow, strategy is kept out of focus. This hampers the business’s ability to make strategic decisions before windows of opportunity close. Ultimately, organizations may find themselves ensnared in toxic re-examinations of hard-won consensus over their values and missions, or wasting time and money on projects that never get off the ground. As a consequence, team members and employees may doubt the leadership, as well as the value and sincerity of future strategic proposals.

Strategy happens through conversation, which is why mastering strategic dialogue is crucial. We propose a simple, three-part model that executives can use to take control of strategy meetings and keep their teams on track:

1. Focus on the right decision purpose;
2. Adjust the meeting’s communication style; and
3. Cast the right leader for the job

Following these three simple rules—focus, adjust, cast—aligns the pillars of successful dialogue, and allows executives to finally talk about what matters most. In time, opportunities can be seized, threats can be evaded, and resources can be directed where they can make the most impact.

2. Strategy is dialogue

Over the last decade, research focused on the practice of strategy started paying closer attention to what executives actually do when they engage in strategic planning. An important discovery was made: Strategy is, at its heart, a dialogical process that occurs during dedicated meetings (Jarzabkowski, 2005; Whittington, 1996). When dealing with complex and uncertain cross-functional issues—and strategy surely falls in this category—executives’ capacity to exchange ideas through positive conversations becomes critical (Tsoukas, 2009; Weick, 1995). They use dialogue to share stories about the organization’s opportunities and threats (Fenton & Langley, 2011), shape the course of action that is the most relevant and accrue the largest

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