

STRATEGY

An agenda for change

Shared agenda leads to quicker implementation, says **Anna Bateson**



Multiple trends impact market dynamics, causing behaviour and confidence to change. Regulatory and legislative changes are one of many trends to track. Responding to rather than anticipating changes may establish compliance but will not enable strategic thinking about the implications.

Shrewd boards look at the interrelationship between trends, recognise patterns and discuss the opportunities and threats they present. The usual practice of exploring political will, economic imperative, social voice and technological possibility may not provide a holistic picture.

The Consumer Goods Forum and Cap Gemini's Future Value Chain 2020 research, which identified key trends likely to impact organisations, indicated five megatrends with greatest relevance to their industry sector and highlighted two: 'Fight for resources' and 'Digital World'.

PWC's 17th Annual Global CEO Survey establishes the focus of business leader attention – CEOs will deliver growth plans through product and service innovation, market penetration and M&A activity. Respondents indicated they would like government to focus on creating a skilled global workforce, ensuring financial sector stability and access to capital, improving the country's infrastructure and creating jobs for 16 to 24-year-olds.

Directors balance the need for short-term performance with long-term stability, establishing risk appetite and monitoring strategic risks, which could affect the creation

of value and the organisation's reputation. The challenge for listed entities is to engage shareholders on the journey and identify their motivations.

The strategic change agenda often requires the defining of new policies and results in the launch of multiple initiatives. For success to be achieved, these policies must be embedded and have a life beyond the launch phase.

Effective boards recognise three golden rules:

Don't overload the system

The appetite for change at board level can be greater than organisational capability to deliver. Corporate memory of previous strategic change may not exist in boardrooms with high member turnover. A realistic pace and scale of change can be achieved by listening to operational insights and joint planning. This shared agenda leads to quicker implementation. The schedule needs to balance business as usual with the change agenda and allow for the identification of initiatives – which may be superseded or reprioritised – to better allocate limited resources.

Don't interfere with implementing strategy

Operational problem solving may provide the gratification of tangible results and allow board members to exercise their expertise, but this can result in mixed messages and a lack of attention to long-term stability. Strategic thinking may be neglected in favour of short-termism. Executives may stop thinking for themselves and wait to be told by the board or may even leave in frustration. This is a particular danger for non-executive directors, who walk the tightrope between seeking enough operational insight to inform their decision making and compromising their independent perspective by becoming too involved.

Don't abdicate responsibility

At the other end of the spectrum are the boards which launch and leave. In the absence of active sponsorship, an effective steering group and championing activities, there may be a failure to provide appropriate resources. Limited tracking of performance provides flawed board intelligence on the reality of strategic change delivery and prevents the board establishing appropriate priorities.

Although board evaluation and consultant-led strategic reviews will surface these common issues, the board secretariat is ideally placed to spot symptoms of overload, interference and abdication earlier than external agents and draw them to the attention of the board. This requires an understanding of the strategic process and language as well as the confidence to influence.

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