Module for "Strategic Management and Planning"

For NIRD

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INTRODUCTION

Strategic Management is one of the most important parts of organisation management. Several organisations, countries and continents have been created and destroyed due to implementation of various strategies. Strategic Management helps an individual to visualize oneself in the context of the organisation and align ones behaviour accordingly. The clarity in strategic approach in an organisation will also lead to better clarity in the execution plans. Strategic Management therefore helps oneself to visualize abstract future and work to achieve the future goals through sound implementation plans.

Strategic Management is also an important component of ones own life. Individuals, only if they have their own goal setting will be able to judge their fit at a workplace. It is therefore important to understand that there is close relation between individual and organisation goals.

This module attempts to cover the key aspects of strategic management for both individual and organisation as well as for creating synergies between organisations and individuals. Though comprehensive, yet it is not exhaustive to cover all the aspects of strategic management.

We hope the module will provide readers with substantial insights into strategic management and will kindle imagination to visualize in various contexts.

Session Plan for Strategic Management Workshop

#	Session 1 9:30 – 11:00Hrs		Session 2 11:15 - 13:00Hrs		Session 3 13:45 - 15:15Hrs		Session 4 15:30 17:30Hrs
Day 1	Introduction and Setting of Goals		Mission and Vision and individual missions and visions and Analysis of mission and vision statements of organisations-Case Studies		Scanning the Environment and Application of tools-PEST, SWOT, Competitive Advantage, BCG Matrix, Value Chain, Ansoffs Matrix, Core competencies, Porters five force analysis		Discussion on Values- Their importance in the organisation as well as for the personal self
	Session 5		**Session 6**		**Session 7**		**Session 8**
Day 2	Review of previous day's learnings		Discussions on Strategies i.e. long term directions of the organisation		Discussion on Tactics: How to work through the strategic architecture		Film on Strategic Management and Discussions on the Film
	Session 9		**Session 10**		**Session 11**		**Session 12**
Day 3	Discussions on 7 habits of highly effective people and application in individual and organisational context	Tea Break	Discussion on 5th Discipline by Peter Senge and application to organisations	Lunch Break	Group presentations by the students on the strategic planning of their organisations	Tea Break	Final Review of the Workshop

SESSION 2:

Understanding Mission and Vision Statements

Learning Objective:

The main objectives of the session is

1. To understand mission, its dimensions and it's overall purpose in the organisation

2. To understand vision, its dimensions and its overall purpose in the organisation.

3. To understand the inter linkages between organisation's mission and vision and individual's mission and vision

Duration:

1:45 hours

Methods:

Group Discussions, Exercises and Case study Discussions

Minimum Learning:

Participants should be able to understand mission and vision, their dimensions and overall purpose in the organisation

Reading Material

Chapter-1: Mission and Vision

Chapter 1

Mission and Vision

Mission:

A mission statement is an organization's vision translated into written form. It makes concrete the leader's view of the **direction** and **purpose** of the organization. For many corporate leaders it is a vital element in any attempt to motivate employees and to give them a sense of priorities.

A mission statement should be a **short** and **concise** statement of goals and priorities. In turn, goals are specific objectives that relate to specific time periods and are stated in terms of facts. The primary goal of any business is to increase stakeholder value. While, the most important stakeholders in a business are shareholders who own the business, employees who work for the business and clients or customers who purchase products and/or services from the business, in ***organisations working with the poor, the most important stakeholders are the poor and primary goal is to improve their lives.***

Three main benefits are attributed to mission statements:

• They help companies to focus their strategy by defining some boundaries within which to operate: Federal Express, for example, has said it is "dedicated to maximising financial returns by providing totally reliable, competitively superior, global air–ground transportation of high priority goods and documents that require rapid, time-certain delivery".

• They define the dimensions along which an organisation's performance is to be measured and judged: The most common

candidate (not surprisingly) is profit. DuPont, for example, said that it considered itself successful "only if we return to our shareholders a long-term financial reward comparable to the better performing large industrial companies". Corporations often acknowledge their responsibility to other stakeholders as well, mentioning their attitude to employees ("to treat them with respect, promote teamwork, and encourage personal freedom and growth"—Dow Chemical)

• **They suggest standards for individual ethical behaviour:** The adherence to mission by individuals in an organisation ensures that there is standardised ethical behaviour by all. They help individuals to understand the permissible limits of behaviour.

The challenge is to write a mission statement in few short, pithy paragraphs that will be memorable to all those who have an interest in the company. It is too easy for a mission statement to become a bland idealistic blur, as in this (anonymous but real) example: "The mission of X is to maximise the company value by providing total quality services, empowering customer-oriented employees and growing through expansion, acquisition and new technology." Such jargon is not likely to fire imaginations struggling to establish an entirely new market.

Many companies buttress their mission statements with a catchy slogan, something that acts as a quick and easy guide to what the company is really about. The best of these can be taken at several different levels and suit many purposes—for example, Harley-Davidson's "It's not the destination, it's the journey"; Nike's "Just do it"; and IKEA's "To create a better everyday life for the people we aim to serve".

Mission Statement should include these components:

- Customer/Marketing
- Product or Service
- Geographic Domain
- Technology
- Concern For Survival
- Company Philosophy
- Self (Business) Concept
- Public Image

Examples of Mission statements

- **The Canadian Co-operative Association –** "To provide **leadership to promote, develop and unite co-operatives and credit unions** for the benefit of people in **Canada and around the world.**"

- **Technoserve –** "To **help entrepreneur men and women** of **poor areas of developing world** to **build businesses that create income, opportunity and economic growth** for their families, their communities and their countries."

- **Mulukanoor Dairy, Andhra Pradesh –** "Our mission is to **improve overall quality of life of dairy producers and consumers** by running a **sustainable self sufficient and managed women cooperative union** setting an example for the collective action and **rural women** capacity."

- **ITC Echoupal-** "To enhance the wealth generating capability of the enterprise in a globalising environment, delivering superior and sustainable stakeholder value."

- **Aditya Birla Group-** "To deliver superior value to our customers, shareholders, employees and society at large."

- **Apple –** "To bring the **best personal computing products** and support to students, educators, designers, scientists, engineers, business persons and consumers **in over 140 countries** around the world."

Some companies' statements have an almost missionary zeal. One of the most extraordinary was that once drawn up by *Marks and Spencer, a British retailer*. Its mission, it said, was:

"The subversion of the class structure of 19th century England by making available to the working and lower-middle classes, upper-class quality at prices the working and lower-middle classes could well afford.

Writing a Mission Statement

Writing a mission statement is no easy task. While only a short paragraph is needed, the content and word choice make the statement extremely complex. The mission statement should be written in a clear, concise manner free of jargons. The statement should define where the company is now and where it plans to be in the future. Most companies are constantly evolving and should consider revising their mission statement to reflect their new achievements/goals every five to seven years.

Before beginning to write the statement, choose an area with little or no distractions for maximum concentration. Leave a time block of about two hours to complete the task. Keep handy any information on the business compiled to that point so that it is easily accessible when hitting a writing block. Do some research beforehand of the mission statements of other successful companies (easily found on most corporate websites) to define the tone and message they project.

There should be two or three other employees/members of management participating in this exercise as well. It is important to seek the opinions of others and their view of the company. If this is an individual business, seek the help of trusted individuals with knowledge of the business to assist in drafting a mission statement.

Begin by brainstorming and answering a few questions about the business to determine what content is most important to include. Don't focus on the actual wording as much as just writing the ideas.

1. Why is this business important to you? Discuss how the idea came about and what the drive to keep it going is.
2. What is the purpose of this business? Describe what needs the business will meet both externally and internally.
3. Who is the target market and why would they be interested in this product/service? Define the customer and their specific needs relating to the business.
4. What distinguishes this company from the competition? List the advantages of choosing this company over the others.
5. What are the company's ideals? Describe what values will be projected internally and externally.

After answering these questions thoroughly, there should be enough material to begin formulating several drafts. Concentrate more on content than word choice at this point (words can always be changed later). Start with your company name and describe what it provides to whom (i.e. Kumar's Graphics provides innovative and effective graphic design services to non-profit organizations). Starting with this basic statement makes it simple to build on other important aspects such as the company's values and what separates it from the competitors. Include information on where the company is now and where it intends to be in the future. Try to eliminate any jargon or statements that cannot be proven (i.e. We provide the best graphic service in the world). Keep the statement as concise as possible while still communicating the important information. Some companies have a statement of one sentence, some a paragraph and some have separate statements for internal and external purposes. Choose what works best for the particular company.

Decide on one or two drafts that best reflect the company. Compare these drafts with the other statements drafted from other employees/individuals. Make changes as necessary and be sure to provide a draft back to the others for feedback before finalizing.

Once the mission statement is complete, make sure to share it internally and externally. Creating a better understanding of the business through the mission statement creates a successful (and profitable) atmosphere.

Vision:

A strategic vision is a view of an organization's future direction and business makeup. It is a guiding concept for what the organization is trying to do and to become. A vision statement is a powerful picture of what the organisation's business can and should be a decade from now.

While Mission focuses on the purpose of the organisation, Vision is all about direction for the future

A well-worded strategic vision statement has real value:
1. It crystallizes own views about firm long-term direction and future.
2. It guides managerial decision making.
3. It conveys an organizational purpose that arouses employee buy-in and commitment.
4. It provides a beacon, lower-level managers can use, to form departmental missions, set departmental objectives, and craft strategies.
5. It helps an organization prepare for the future.
6. It focuses energy for greater effectiveness
7. It raises the standard of excellence
8. It establishes meaning for today

9. It gives hope for the future

10. It brings unity to community

11. It provides a sense of continuity

12. It raises commitment level

13. It brings positive change

The key Questions Vision tries to address are:

- What will our business look like in 3 to 5 years from now?

- What new things do we intend to pursue?

- What future customer needs do we want to satisfy?

Criteria for Evaluation of a Vision Statement:

1. Futurecasting

- Does our vision statement provide a powerful picture of what our organisation will look like in 3 to 5 years from now?

- Is your vision statement a picture of your organisation's future?

2. Audacious

- Does our vision statement represents a dream that is beyond what we think is possible?

- Does it represent the mountaintop of where the organisation is headed?

3. Motivating

- Does our vision statement clarify the direction in which our organization needs to move?

- Does it clarify the future direction the organisation is headed?

- Does it clarify the customer focus our organisation should have?

- Does it clarify the market position our organisation should try to occupy?

- Does it clarify the business activities our organisation it to pursue?

- Does it clarify the capabilities our organisation plans to develop?

4. Purpose-Driven

- Does our vision statement give employees a larger sense of purpose?
- Is our vision statement worded in such a way that our employees see themselves as "building a cathedral" rather than "laying stones."

5. Inspiring

- Is our vision statement worded in engaging language that inspires and engages people?
- Does it create a vivid image in people's heads that provokes emotion and excitement?
- Does it create enthusiasm and pose a challenge that inspires and engages people in the organisation?

6. Capitalizes on Unique Competencies

- Does our vision statement build on our organisation's core competencies?
- Does it build on our organisation history, customer base, strengths, and unique capabilities, resources and assets?

Creating a Vision

The four steps of visioning:

1. Visual awakening - draw an as-is picture and see where you need to change
2. Visual exploration - look at alternatives - customers, products, services, etc
3. Visual Strategy Fair - draw a "to-be" based on field insights, get feedback from a wide audience, build the best "to-be"

4. Visual Communication - Show before and after, support those projects that close the gap to your new strategy.

Some examples of Vision are:

- "We will put a man on the moon before the end of the decade." (President John F. Kennedy)
- Infosys's vision statement is 'We will be a globally respected corporation that provides best-of-breed end-to-end business solutions, leveraging technology, delivered by best-in-class people'
- Intel – "Getting to a billion connected computers worldwide, millions of servers, and trillions of dollars of e-commerce."

The Vision Statement is worded in _**engaging language that reaches out and grabs people.**_

It creates a vivid image in people's heads that provokes emotion and excitement. It creates enthusiasm and poses a challenge that inspires and engages people in the organisation.

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Exercise:

Visualize walking into a room three years from now and shaking hands with yourself and give answer to the following questions:

- Who are you?
- What is your life like?
- What is your business like?

Write down what you saw. Don't let yourself wake up in three years and say, 'I'm three years older, and I just happened to get here.' Clarify your vision so that you can grow into it.

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Communicating the Mission and Strategic Vision

- A well-articulated strategic vision creates enthusiasm. Managers need to communicate the mission and vision in words that induce employee buy-in, build pride, and create a strong sense of organizational purpose.
- Find it everywhere. When the mission and vision statement are created, make them visible! Post it on the conference wall; place it on promotional materials, even on the packaging of products.
- Presented and repeated. They have to be presented over and over as a worthy organizational challenge, one capable of benefiting customers in a valuable and meaningful way.

Vision Casting

Communication of a vision is the difficult process of inspiring others to see the future reality which you see and are committed to make happen. Vision will help people focus their energies so that real need can be met. When communicating a vision remember the following:

- Clearly articulate the vision of your organization.
- Be enthusiastic toward vision and the benefits.
- Repeatedly share the vision in various ways, in order to be effective.
- Carefully plan how you will get your constituency to become committed to the vision. The people who will help you implement your vision must embrace the vision.
- Beginning to pursue the vision draws people's attention and commitment to the vision. There is a snowball effect which begins to happen as people begin to catch on to the vision.

REFERENCES:

1. http://mystrategicplan.com/resources/your-strategic-planning-process checklist/

SESSIONS: 3

Environment analysis with the application of various tools-PEST, SWOT, Porters five force analysis, BCG Matrix, Ansoffs Matrix and Core competencies

Learning Objective:

The main objectives of the session is

2. To understand the concept of various tools used to do the environment analysis.

3. To learn how to use these tools for ones' organisation.

Duration:

1:30 hours

Methods:

Group Discussions, Exercises and Case study Discussions

Minimum Learning:

Participants should be able to understand the applicability of various tools for scanning the internal and external environment affecting their organisation.

Reading Material

Chapter-2: Various tools to scan the environment

Chapter-2

Various tools to scan the environment

1. PEST Analysis:

PEST Analysis is a simple, useful and widely-used tool that helps you understand the "big picture" of your **P**olitical, **E**conomic, **S**ocio-Cultural and **T**echnological environment. As such, it is used by business leaders worldwide to build their vision of the future.

A PEST analysis is an analysis of the external macro-environment that affects all firms. Such external factors are usually beyond the control of firm and sometimes present themselves as threat. However changes in the external environment also create new opportunities.

It is important for these reasons:

- First, by making effective use of PEST Analysis, you ensure that what you are doing is aligned positively with the powerful forces of change that are affecting our world. By taking advantage of change, you are much more likely to be successful than if your activities oppose it;

- Second, good use of PEST Analysis helps you avoid taking action that is doomed to failure from the outset, for reasons beyond your control; and

- Third, PEST is useful when you start operating in a new country or region. Use of PEST helps you break free of unconscious assumptions, and helps you quickly adapt to the realities of the new environment.

How to use the tool:

To use this tool, follow this three-stage process:

1. Brainstorm the relevant factors that apply to you and your organisation;

2. Identify the information that applies to these factors; and

3. Draw conclusions from this information.

Tip:

The important point is to move from the second step to the third step: it is sterile just to describe factors without thinking through what they mean. However, be careful not to assume that your analysis is perfect: use it as a starting point, and test your conclusions against the reality you experience.

The following factors may help as a starting point for brainstorming (but make sure you include other factors that may be appropriate to your situation):

Political:

- Government type and stability
- Freedom of press, rule of law and levels of bureaucracy and corruption
- Regulation and de-regulation trends
- Intellectual property rights
- Pricing regulations
- Wage legislation – minimum wage and overtime
- Mandatory employee benefits
- Social and employment legislation
- Tax policy, and trade and tariff controls
- Environmental and consumer-protection legislation
- Likely changes in the political environment

Economic:

- Stage of business cycle

- Current and project economic growth, inflation and interest rates
- Unemployment and labour supply
- Labour costs
- Skill level of workforce
- Levels of disposable income and income distribution
- Impact of globalization
- Efficiency of Financial market
- Likely impact of technological or other change on the economy
- Likely changes in the economic environment

Socio-Cultural:
- Population growth rate and age profile
- Population health, education and social mobility, and attitudes to these
- Population employment patterns, job market freedom and attitudes to work
- Press attitudes, public opinion, social attitudes and social taboos
- Lifestyle choices and attitudes to these
- Socio-Cultural changes

Technological Environment:
- Impact of emerging technologies
- Impact on cost structure
- Impact on value chain structure
- Impact on Research and Development activity
- Impact of technology transfer

2. **SWOT Analysis:**

SWOT Analysis is a powerful technique for understanding your Strengths and Weaknesses, and for looking at the Opportunities and Threats you face.

Used in a business context, it helps you carve a sustainable niche in your market. Used in a personal context, it helps you develop your career in a way that takes best advantage of your talents, abilities and opportunities.

Business SWOT Analysis

What makes SWOT particularly powerful is that, with a little thought, it can help you uncover opportunities that you are well placed to exploit. And by understanding the weaknesses of your business, you can manage and eliminate threats that would otherwise catch you unawares.

More than this, by looking at yourself and your competitors using the SWOT framework, you can start to craft a strategy that helps you distinguish yourself from your competitors, so that you can compete successfully in your market.

How to Use the Tool

To carry out a SWOT Analysis, answer the following questions:

Strengths:

- What advantages does your company have?
- What do you do better than anyone else?
- What unique or lowest-cost resources do you have access to?
- What do people in your market see as your strengths?
- What factors mean that you "get the sale"?

Consider this from an internal perspective, and from the point of view of your customers and people in your market. Be realistic: It's far too easy to fall prey to "not invented here syndrome". (If you are having any difficulty with this, try writing down a list of your characteristics. Some of these will hopefully be strengths!)

In looking at your strengths, think about them in relation to your competitors - for example, if all your competitors provide high quality products, then a high quality production process is not a strength in the market, it is a necessity.

Weaknesses:

- What could you improve?
- What should you avoid?
- What are people in your market likely to see as weaknesses?
- What factors lose you sales?

Again, consider this from an internal and external basis: Do other people seem to perceive weaknesses that you do not see? Are your competitors doing any better than you? It is best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities:

- Where are the good opportunities facing you?
- What are the interesting trends you are aware of?

Useful opportunities can come from such things as:

- Changes in technology and markets on both a broad and narrow scale.
- Changes in government policy related to your field.
- Changes in social patterns, population profiles, lifestyle changes.
- Local events.

A useful approach for looking at opportunities is to look at your strengths and ask yourself whether these open up any opportunities.

Alternatively, look at your weaknesses and ask yourself whether you could create opportunities by eliminating them.

Threats:

- What obstacles do you face?
- What is your competition doing that you should be worried about?
- Are the required specifications for your job, products or services changing?
- Is changing technology threatening your position?
- Do you have bad debt or cash-flow problems?
- Could any of your weaknesses seriously threaten your business?

Carrying out this analysis will often be illuminating – both in terms of pointing out what needs to be done, and in putting problems into perspective.

Strengths and **weaknesses** are often internal to your organization. **Opportunities** and **threats** often relate to external factors. For this reason the SWOT Analysis is sometimes called Internal-External Analysis and the SWOT Matrix is sometimes called an IE Matrix Analysis Tool.

You can also apply SWOT Analysis to your competitors. As you do this, you'll start to see how and where you should compete against them.

Tip:

SWOT can be used in two ways – as a simple icebreaker helping people get together and "kick off" strategy formulation, or in a more sophisticated way as a serious strategy tool. If you're using it as a serious tool, make sure you're rigorous in the way you apply it:

- Only accept precise, verifiable statements ("Cost advantage of Rs.10000/ton in sourcing raw material x", rather than "Good value for money").
- Ruthlessly prune long lists of factors, and prioritize factors so that you

spend your time thinking about the most significant factors.

- Make sure that options generated are carried through to later stages in the strategy formation process.
- Apply it at the right level – for example, at product or product line level, rather than at the much vaguer whole company level.

Example

A start-up small consultancy business might draw up the following SWOT matrix:

Strengths:

- We can respond very quickly as we have no red tape, no need for higher management approval.
- We can give really good customer care, as the current small amount of work means we have plenty of time to devote to customers.
- Our lead consultant has strong reputation within the market.
- We can change direction quickly if our approach isn't working.
- We have little overhead, so can offer good value to customers.

Weaknesses:

- Our company has no market presence or reputation.
- We have a small staff with a shallow skills base in many areas.
- We are vulnerable to vital staff being sick, leaving.
- Our cash flow will be unreliable in the early stages.

Opportunities:

- Our business sector is expanding, with many future opportunities for success.
- Our local council wants to encourage local businesses with work where possible.
- Our competitors may be slow to adopt new technologies.

Threats:

- Will developments in technology change this market beyond our ability to adapt?
- A small change in focus of a large competitor might wipe out any market position we achieve.

The consultancy may therefore decide to specialize in rapid response, good value services to local businesses. Marketing would be in selected local publications, to get the greatest possible market presence for a set advertising budget. The consultancy should keep up-to-date with changes in technology where possible.

3. Porter's Five force Analysis:

The Porter's 5 Forces tool is a simple but powerful tool for understanding where power lies in a business situation. This is useful, because it helps you understand both the strength of your current competitive position, and the strength of a position you're looking to move into.

With a clear understanding of where power lies, you can take fair advantage of a situation of strength, improve a situation of weakness, and avoid taking wrong steps. This makes it an important part of your planning toolkit.

Conventionally, the tool is used to identify whether new products, services or businesses have the potential to be profitable. However it can be very illuminating when used to understand the balance of power in other situations too.

The model of the Five Competitive Forces was developed by Michael E. Porter in his book "Competitive Strategy: Techniques for Analyzing Industries and Competitors" in 1980. Since that time it has become an

important tool for analyzing an organizations industry structure in strategic processes.

Porter's model is based on the insight that a corporate strategy should meet the opportunities and threats in the organizations external environment. Especially, competitive strategy should base on and understanding of industry structures and the way they change.

Porter has identified five competitive forces that shape every industry and every market. These forces determine the intensity of competition and hence the profitability and attractiveness of an industry. The objective of corporate strategy should be to modify these competitive forces in a way that improves the position of the organization. Porter's model supports analysis of the driving forces in an industry. Based on the information derived from the Five Forces Analysis, management can decide how to influence or to exploit particular characteristics of their industry.

The Five Competitive Forces are typically described as follows:
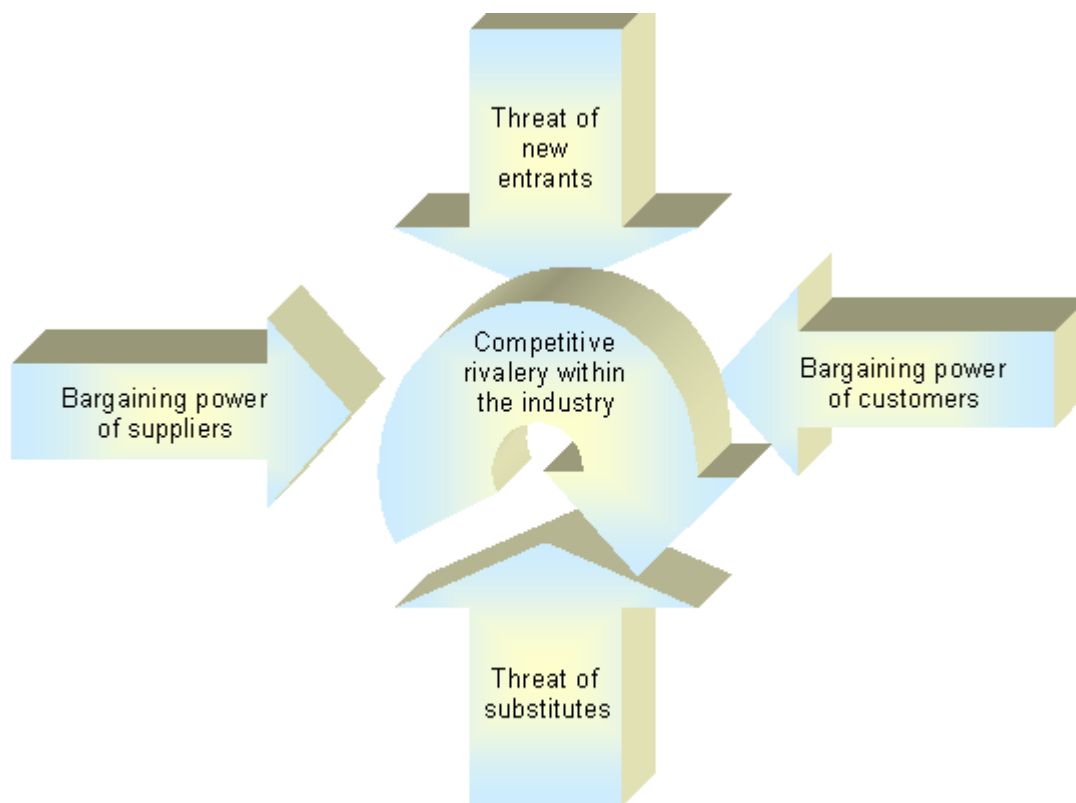
Figure 1-Porter's Five Force Diagram

3.1   Bargaining Power of Suppliers

The term 'suppliers' comprises all sources for inputs that are needed in order to provide goods or services.

Supplier bargaining power is likely to be high when:

- The market is dominated by a few large suppliers rather than a fragmented source of supply,
- There are no substitutes for the particular input,
- The suppliers customers are fragmented, so their bargaining power is low,
- The switching costs from one supplier to another are high,
- There is the possibility of the supplier integrating forwards in order to obtain higher prices and margins. This threat is especially high when
- The buying industry has a higher profitability than the supplying industry,
- Forward integration provides economies of scale for the supplier,

- The buying industry hinders the supplying industry in their development (e.g. reluctance to accept new releases of products),
- The buying industry has low barriers to entry.

In such situations, the buying industry often faces a high pressure on margins from their suppliers. The relationship to powerful suppliers can potentially reduce strategic options for the organization.

3.2 *Bargaining Power of Customers*

Similarly, the bargaining power of customers determines how much customers can impose pressure on margins and volumes.

Customers bargaining power is likely to be high when

- They buy large volumes, there is a concentration of buyers,
- The supplying industry comprises a large number of small operators
- The supplying industry operates with high fixed costs,
- The product is undifferentiated and can be replaces by substitutes,
- Switching to an alternative product is relatively simple and is not related to high costs,
- Customers have low margins and are price-sensitive,
- Customers could produce the product themselves,
- The product is not of strategic importance for the customer,
- The customer knows about the production costs of the product
- There is the possibility for the customer integrating backwards.

3.3 *Threat of New Entrants*

If the competition in an industry will be higher; the easier it is for other companies to enter this industry. In such a situation, new entrants could change major determinants of the market environment (e.g. market shares, prices, customer loyalty) at any time. There is always a latent pressure for reaction and adjustment for existing players in this industry. The threat of new entries will depend on the extent to which there are barriers to entry. These are typically

- Economies of scale (minimum size requirements for profitable operations),

- High initial investments and fixed costs,

- Cost advantages of existing players due to experience curve effects of operation with fully depreciated assets,

- Brand loyalty of customers

- Protected intellectual property like patents, licenses etc,

- Scarcity of important resources, e.g. qualified expert staff

- Access to raw materials is controlled by existing players,

- Distribution channels are controlled by existing players,

- Existing players have close customer relations, e.g. from long-term service contracts,

- High switching costs for customers

- Legislation and government action

3.4   *Threat of Substitutes*

A threat from substitutes exists if there are alternative products with lower prices of better performance parameters for the same purpose. They could potentially attract a significant proportion of market volume and hence reduce the potential sales volume for existing players. This category also relates to complementary products.

Similarly to the threat of new entrants, the treat of substitutes is determined by factors like

- Brand loyalty of customers,

- Close customer relationships,

- Switching costs for customers,

- The relative price for performance of substitutes,

- Current trends.

3.5 *Competitive Rivalry between Existing Players*

This force describes the intensity of competition between existing players (companies) in an industry. High competitive pressure results in

pressure on prices, margins, and hence, on profitability for every single company in the industry.

Competition between existing players is likely to be high when

- There are many players of about the same size,
- Players have similar strategies
- There is not much differentiation between players and their products, hence, there is much price competition
- Low market growth rates (growth of a particular company is possible only at the expense of a competitor),
- Barriers for exit are high (e.g. expensive and highly specialized equipment).

The effect of the porter's five forces can be reduced to a certain extent by considering each of the following points:

1. Reducing the Bargaining Power of Suppliers
   - Partnering
   - Supply chain management
   - Supply chain training
   - Increase dependency
   - Build knowledge of supplier costs and methods.
   - Take over a supplier

2. Reducing the Bargaining Power of Customers
   - Partnering
   - Supply chain management
   - Increase loyalty
   - Increase incentives and value added
   - Move purchase decision away from price
   - Cut put powerful intermediaries (go directly to customer)

3. Reducing the Treat of New Entrants

- Increase minimum efficient scales of operations
- Create a marketing / brand image (loyalty as a barrier)
- Patents, protection of intellectual property
- Alliances with linked products / services
- Tie up with suppliers
- Tie up with distributors
- Retaliation tactics

4. Reducing the Threat of Substitutes
- Legal actions
- Increase switching costs
- Alliances
- Customer surveys to learn about their preferences
- Enter substitute market and influence from within
- Accentuate differences (real or perceived)

5. Reducing the Competitive Rivalry between Existing Players
- Avoid price competition
- Differentiate your product
- Buy out competition
- Reduce industry over-capacity
- Focus on different segments
- Communicate with competitors

Exercise:

Brainstorm the relevant factors for your market or situation, and then check against the factors listed for each force:

1. Threat of New Entry:
- Time and cost of entry
- Specialist Knowledge
- Economies of scale
- Cost Advantages

- Technology protection
- Barrier to entry

2. Competitive Rivalry:

- Number of Competitors
- Quality Differences
- Switching cost
- Customer Loyalty
- Cost of Leaving the market

3. Suppliers Power::

- Number of suppliers
- Size of suppliers
- Uniqueness of service
- Ability to substitute
- Cost of Changing

4. Buyer Power:

- Number of customers
- Size of each order
- Differences between competitors
- Price sensitivity
- Ability of substitution
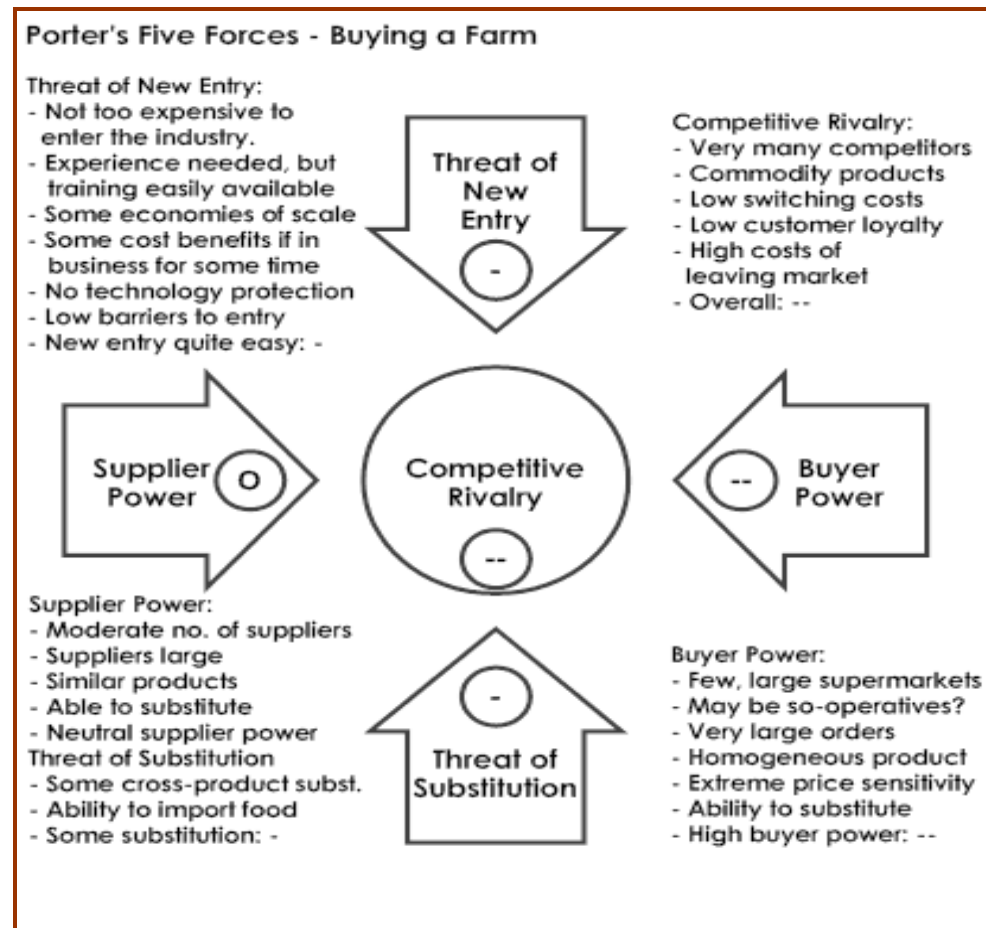
5. Threat of Substitution:

- Substitute performance
- Cost of change

Then look at the situation you find using this analysis and think through how it affects you. Bear in mind that few situations are perfect; however use environmental scanning as a framework for thinking through what you could change to increase your power with respect to each force.

Example:

Ramareddy is deciding whether to switch career and become a farmer - he's always loved the countryside, and wants to switch to a career where he's his own boss. He creates the following Five Forces Analysis as he thinks the situation through:

Porter's Five Forces - Buying a Farm

Threat of New Entry:
- Not too expensive to enter the industry.
- Experience needed, but training easily available
- Some economies of scale
- Some cost benefits if in business for some time
- No technology protection
- Low barriers to entry
- New entry quite easy: -

Competitive Rivalry:
- Very many competitors
- Commodity products
- Low switching costs
- Low customer loyalty
- High costs of leaving market
- Overall: --

Supplier Power:
- Moderate no. of suppliers
- Suppliers large
- Similar products
- Able to substitute
- Neutral supplier power

Threat of Substitution
- Some cross-product subst.
- Ability to import food
- Some substitution: -

Buyer Power:
- Few, large supermarkets
- May be so-operatives?
- Very large orders
- Homogeneous product
- Extreme price sensitivity
- Ability to substitute
- High buyer power: --

This worries him:

- The **threat of new entry** is quite high: if anyone looks as if they're making a sustained profit, new competitors can come into the industry easily, reducing profits;
- **Competitive rivalry** is extremely high: if someone raises prices, they'll be quickly undercut. Intense competition puts strong downward pressure on prices;
- **Buyer Power** is strong, again implying strong downward pressure on prices; and
- There is some **threat of substitution**.

Unless he is able to find some way of changing this situation, this looks like a very tough industry to survive in. Maybe he'll need to specialize in a sector of the market that's protected from some of these forces, or find a related business that's in a stronger position.

4. BCG Matrix:

The BCG Matrix method is the most well-known **portfolio management tool**. It is based on product life cycle theory. It was developed in the early 70s by the Boston Consulting Group. The BCG Matrix can be used to determine what priorities should be given in the product portfolio of a business unit. To ensure long-term value creation, a company should have a portfolio of products that contains both high-growth products in need of cash inputs and low-growth products that generate a lot of cash. The Boston Consulting Group Matrix has 2 dimensions: **market share** and **market growth**. The basic idea behind it is: if a product has a bigger market share, or if the product's market grows faster, it is better for the company.

The four segments of the BCG Matrix

Placing products in the BCG matrix provides 4 categories in a portfolio of a company:

1. **Stars** (high growth, high market share)

- Stars are using large amounts of cash. Stars are leaders in the business. Therefore they should also generate large amounts of cash.
- Stars are frequently roughly in balance on net cash flow. However if needed any attempt should be made to hold your market share in Stars, because the rewards will be Cash Cows if market share is kept.

2. **Cash Cows** (low growth, high market share)

- Profits and cash generation should be high. Because of the low growth, investments which are needed should be low.
- Cash Cows are often the stars of yesterday and they are the foundation of a company.

3. **Dogs** (low growth, low market share)

- Avoid and minimize the number of Dogs in a company.
- Watch out for expensive 'rescue plans'.
- Dogs must deliver cash, otherwise they must be liquidated.

4. **Question Marks** (high growth, low market share)

- Question Marks have the worst cash characteristics of all, because they have high cash demands and generate low returns, because of their low market share.
- If the market share remains unchanged, Question Marks will simply absorb great amounts of cash.
- Either invest heavily, or sell off, or invest nothing and generate any cash that you can. Increase market share or deliver cash.
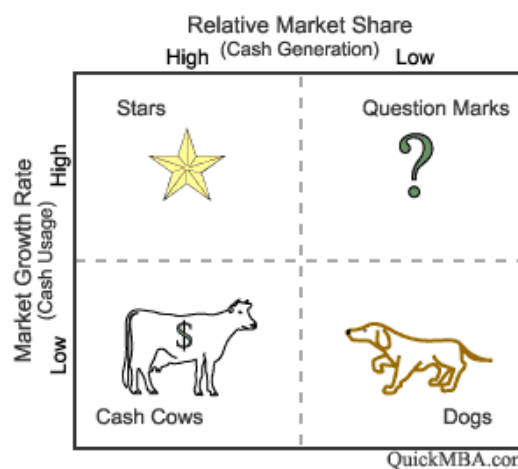

Figure 2-BCG **Matrix**

The BCG Matrix and one size fits all strategies

The BCG Matrix method can help to understand a frequently made strategy mistake: having a one size fits all strategy approach, such as a generic growth target (9 percent per year) or a generic return on capital of say 9.5% for an entire corporation.

In such a scenario:

- Cash Cows Business Units will reach their profit target easily. Their management has an easy job. The executives are often praised anyhow. Even worse, they are often allowed to reinvest substantial cash amounts in their mature businesses.

- Dogs Business Units are fighting an impossible battle and, even worse, now and then investments are made. These are hopeless attempts to "turn the business around".

- As a result all Question Marks and Stars receive only mediocre investment funds. In this way they can never become Cash Cows. These inadequate invested sums of money are a waste of money. Either these SBUs should receive enough investment funds to enable them to achieve a real market dominance and become Cash Cows (or Stars), or otherwise companies are advised to disinvest. They can then try to get any possible cash from the Question Marks that were not selected.

Other uses and benefits of the BCG Matrix

- If a company is able to use the experience curve to its advantage, it should be able to manufacture and sell new products at a price that is low enough to get early market share leadership. Once it becomes a star, it is destined to be profitable.

- BCG model is helpful for managers to evaluate balance in the firm's current portfolio of Stars, Cash Cows, Question Marks and Dogs.

- BCG method is applicable to large companies that seek volume and experience effects.
- The model is simple and easy to understand.
- It provides a base for management to decide and prepare for future actions.

Limitations of the BCG Matrix

Some limitations of the Boston Consulting Group Matrix include:

- It neglects the effects of synergy between business units.
- High market share is not the only success factor.
- Market growth is not the only indicator for attractiveness of a market.
- Sometimes Dogs can earn even more cash as Cash Cows.
- The problems of getting data on the market share and market growth.
- There is no clear definition of what constitutes a "market".
- A high market share does not necessarily lead to profitability all the time.
- The model uses only two dimensions – market share and growth rate. This may tempt management to emphasize a particular product, or to divest prematurely.
- A business with a low market share can be profitable too.
- The model neglects small competitors that have fast growing market shares.

How to Use the Tool:

Step One: Plot your opportunities in terms of their relative market presence, and market growth.

Step Two: Classify them into one of the four categories. If a product seems to fall right on one of the lines, take a real hard look at the situation and rely on past performance to help you decide which side you will place it.

Note:

Be careful about these lines - there's nothing magical about them or their position. There may be very little real difference between a "Question mark" with a market share of 49%, and a "Star" with a market share of 51%. It's also not necessarily true that the line should run through the 50% position. As ever, use your common sense.

Step Three: Determine what you will do with each product/product line. There are typically four different strategies to apply:

- *Build Market Share:* Make further investments (for example, to maintain Star status, or turn a Question Mark into a Star)
- *Hold:* Maintain the status quo (do nothing)
- *Harvest:* Reduce the investment (enjoy positive cash flow and maximize profits from a Star or Cash Cow)
- *Divest:* For example, get rid of the Dogs, and use the capital to invest in Stars and some Question Marks.

Tip 1:

From a personal perspective, you can evaluate the opportunities open to you by substituting the dimension of "Market Share" with one of "Professional Skills". Plot the options open to you on the personal version of the BCG Matrix, and take action appropriately.

5. Ansoff matrix - Product market grid:

The Ansoff product/ market matrix is a tool that helps businesses decide their product and market growth strategy. Ansoff's product/ market matrix suggests that a business' attempts to grow depend on whether it markets new or existing products in new or existing markets.

Igor Ansoff created the Product / Market diagram in 1957 as a method to classify options for business expansion. The simplicity of this model is that the four strategic options defined can be generically applied to any industry. This well known marketing tool was first published in the Harvard Business Review (1957) in an article called 'Strategies for Diversification'

About the Ansoff Matrix

It is used by marketers who have objectives for growth. Igor Ansoff's matrix offers strategic choices to achieve the objectives. It suggests that a business' attempts to grow depend on whether it markets **new or existing** products in **new or existing markets.**

There are four main categories for selection can be seen in the Fig1
- Market Penetration
- Market Development
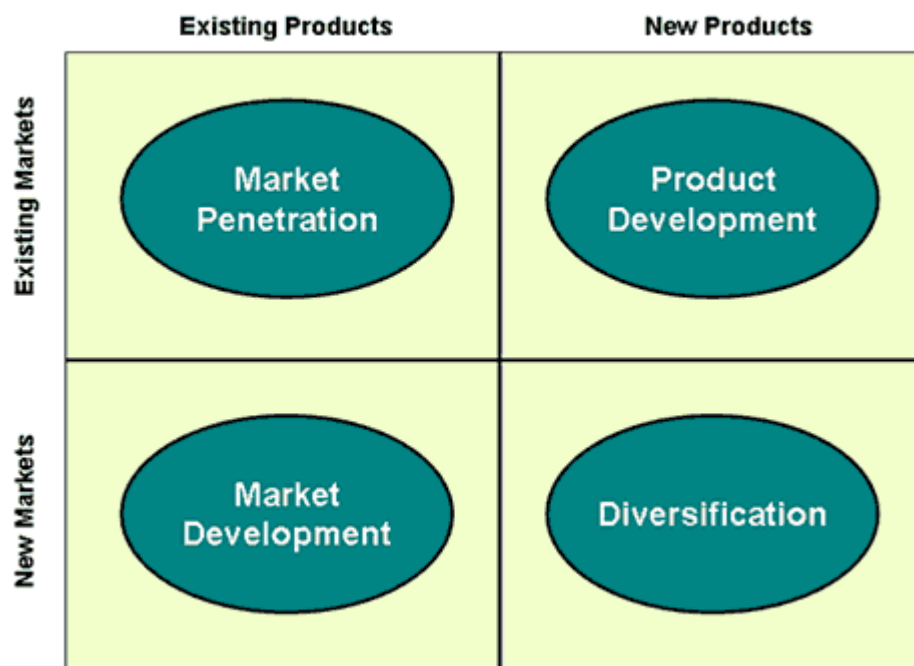- Product Development
- Business Diversification

Figure 3- Ansoff's Matrix

1. **Market Penetration** (existing markets, existing products):

    Here we market our existing products to our existing customers. This means increasing our revenue by, for example, promoting the product, repositioning the brand, and so on. However, the product is not altered and we do not seek any new customers.

Market penetration seeks to achieve four main objectives:

- Maintain or increase the market share of current products - this can be achieved by a combination of competitive pricing strategies, advertising, sales promotion and perhaps more resources dedicated to personal selling
- Secure dominance of growth markets
- Restructure a mature market by driving out competitors; this would require a much more aggressive promotional campaign, supported by a pricing strategy designed to make the market unattractive for competitors
- Increase usage by existing customers. For example by introducing loyalty schemes.

A market penetration marketing strategy is very much about "business as usual". The business is focusing on markets and products it knows well. It is likely to have good information on competitors and on customer needs. It is unlikely, therefore, that this strategy will require much investment in new market research.

2. **Market Development** (new markets, existing products):
Here we market our existing product range in a new market. This means that the product remains the same, but it is marketed to a new audience. Exporting the product, or marketing it in a new region, are examples of market development.

- New geographical markets; for example exporting the product to a new country
- New product dimensions or packaging: for example
  - New distribution channels
  - Different pricing policies to attract different customers or create new market segments

3**. Product Development** (existing markets, new products):

This is a new product to be marketed to our existing customers. Here we develop and innovate new product offerings to replace existing ones. Such products are then marketed to our existing customers. This often happens with the auto markets where existing models are updated or replaced and then marketed to existing customers.

4**. Business Diversification** (new markets, new products):

This is where we market completely new products to new customers. There are two types of diversification, namely related and unrelated diversification. Related diversification means that we remain in a market or industry with which we are familiar.

The diversification can be divided again into horizontal, vertical and lateral diversification.

- The horizontal diversification is the extension of the production programme.
- The vertical diversification is the sales stage stored by products pre order.
- The lateral diversification is the sales of completely new products, which within the range of the technology and marketing in no connection.

Diversification is an inherently higher risk strategy because the business is moving into markets in which it has little or no experience.

For a business to adopt a diversification strategy, it must have a clear idea about what it expects to gain from the strategy and a transparent and honest assessment of the risks.

Using Ansoff matrix

There are many uses of the Ansoff matrix or grid for example:
'*Analysing and planning to meet customer needs and expectations*'
Facts that are worth considering include:
What strategy is your Organisation/your Dept. implementing now for it's

- Products/services - you will need to place products/services in an appropriate quadrant?
- Is this the right strategy in terms of meeting customer needs and expectations?
- Is implementation effective?

Personal Ansoff

Looking at it from a personal perspective, just staying where you are is (usually!) a low risk option.
Switching to a new role in the same company, or changing to a similar job with a company in the same industry is a higher risk option. And switching to a new role in a new industry has an even higher level of risk.
This is shown in figure 2, below.
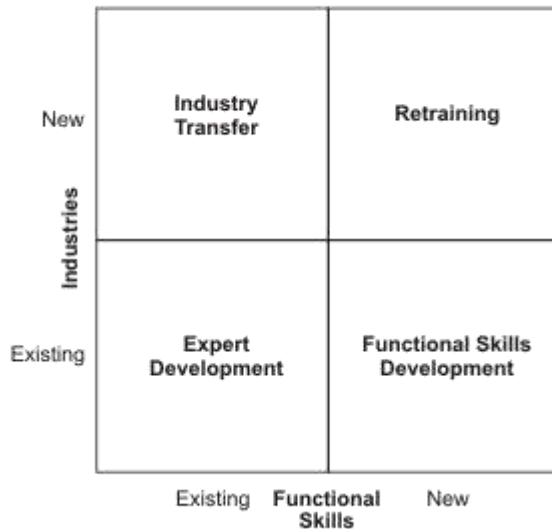
Figure 2: The Ansoff Matrix - Career

```
          |                    |
   New     |   Industry        |   Retraining
          |   Transfer         |
I         |                    |
n         |                    |
d         |--------------------|--------------------
u         |                    |
s         |   Expert           |   Functional Skills
t  Existing|  Development      |   Development
r         |                    |
i         |                    |
e         |                    |
s         |_____|_____
           Existing   Functional      New
                        Skills
```

Figure 4- Ansoff's Matrix

Tip 1:

Interpret this according to your circumstances. For example, an accountant may find it easy to switch from one industry to another. But a salesman doing this might lose contacts that would take a while to rebuild.

Tip 2:

Don't be too scared by risk - if you manage risk correctly (for example, by researching carefully, making contingency plans, arranging insurance, and suchlike) and "calculate" it well, then it can be well worth taking quite large risks.

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1. Manage risk appropriately. For example, if you're switching from one quadrant to another, make sure:
   - That you research the move carefully;
   - That you build the capabilities needed to succeed in the new quadrant;
   - That you've got plenty of resources to cover a possible thin period while you're developing and learning how to sell

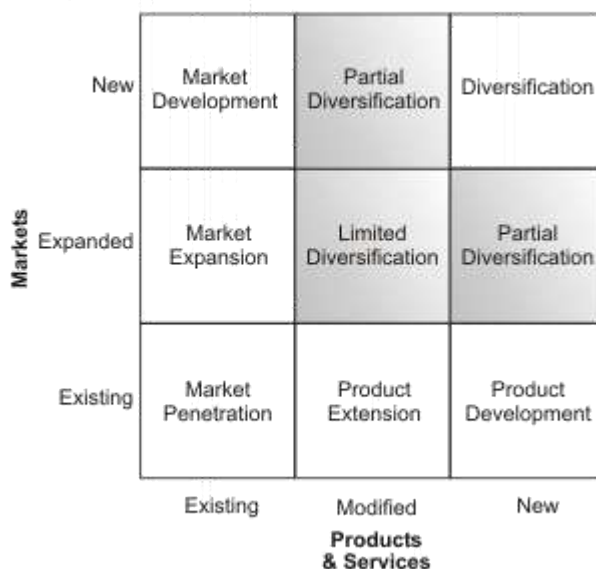the new product, or are learning what makes the new market tick; and

- That you have firstly thought through what you have to do if things don't work out, and that failure won't "break" you.

Tip:

Some marketers use a nine-box grid for a more sophisticated analysis. This adds "modified" products between existing and new ones (for example, a different flavour of your existing pasta sauce rather than launching a soup), and "expanded" markets between existing and new ones (for example, opening another store in a nearby town, rather than going into online sales).

This is useful as it shows the difference between product extension and true product development, and also between market expansion and venturing into genuinely new markets (see Figure 3). However, be careful of the three "options" in grey, as they involve trying to do two things at once without the one benefit of a true diversification strategy (escaping a downturn in one product market).

Figure 3: The 9-Box Grid

Markets	Existing Products & Services	Modified Products & Services	New Products & Services
New	Market Development	Partial Diversification	Diversification
Expanded	Market Expansion	Limited Diversification	Partial Diversification
Existing	Market Penetration	Product Extension	Product Development

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Figure 5- Box Grid

1. Core Competencies:

The idea of the "core competence" is one of the most important business ideas that has shaped our world. It is one of the key ideas that lies behind the current wave of outsourcing, as businesses concentrate their efforts on things they do well, and outsource as much as they can of everything else.

By using the idea, you can make the very most of the opportunities open to you:

- You can focus your efforts so that you develop a unique level of expertise in areas that really matter to your customers. Because of this, you'll command the rewards that come with this expertise; and
- You can learn to develop your own skills in a way that complements your company's core competences. By building the skills and abilities that your company most values, you'll win respect and be more likely to get the career advancement that you want.

Explaining Core Competences: The Value of Uniqueness

The starting point for understanding core competences is understanding that businesses must have something that customers uniquely value if they're to make good profits.

"Me too" businesses (with nothing unique to distinguish them from their competition) are doomed to compete on price: The only thing they can do to make themselves the customer's top choice is drop price. And as other "me too" businesses do the same, profit margins become thinner and thinner.

This is why there's such an emphasis on building and selling USPs (Unique Selling Points) in business: If you're able to offer something uniquely good, customers will want to choose your products and will be willing to pay more for them.

The question, though, is where this uniqueness comes from, and how it can be sustained.

In their key 1990 paper "The Core Competence of the Corporation", C.K.Prahalad and Gary Hamel argue that "Core Competences" are some of the most important sources of uniqueness: These are the things that a company can do uniquely well, and that no-one else can copy quickly enough to affect competition.

Prahalad and Hamel used examples of slow-growing and now-forgotten corporations that failed to recognize and capitalize on their strengths. They compared them with star performers of the 1980s (such as NEC, Canon and Honda), which had a very clear idea of what they were good at, and which grew very fast.

Because these companies were focused on their core competences, and continually worked to build and reinforce them, their products were more advanced than those of their competitors, and customers were prepared to pay more for them. And as they switched effort away from areas where they were weak, and further focused on areas of strength, their products built up more and more of a market lead.

Now you'll probably find this an attractive idea, and it's often easy to think about a whole range of things that a company does that it can do well. However, Hamel and Prahalad give three tests to see whether they are true core competences:

1. **Relevance:** Firstly, the competence must give your customer something that strongly influences him or her to choose your product or service. If it does not, then it has no effect on your competitive position and is not a core competence;

2. **Difficulty of Imitation:** Secondly, the core competence should be difficult to imitate. This allows you to provide products that are better than those of your competition. And because you're continually working to improve this competence, it means that you can sustain your competitive position; and

3. **Breadth of Application:** Thirdly, it should be something that opens up a good number of potential markets. If it only opens up a few small, niche markets, then success in these markets will not be enough to sustain significant growth.

An example: You might consider strong industry knowledge and expertise to be a core competence in serving your industry. However, if your competitors have equivalent expertise, then this is not a core competence. All it does is make it more difficult for new competitors to enter the market. More than this, it's unlikely to help you much in moving into new markets, which will have established experts already. (Test 1: Yes. Test 2: No. Test 3: Probably not.)

Using This in Your Business and Career:
To identify your core competences, use the following steps:

1. Brainstorm the factors that are important to your clients.

If you're doing this on behalf of your company, identify the factors that influence people's purchase decisions when they're buying products or services like yours (make sure that you move beyond just product or service features and include all decision-making points.)

If you're doing this for yourself, brainstorm the factors (for example) that people use in assessing you for annual performance reviews or promotion, or for new roles you want.

Then dig into these factors, and identify the competences that lie behind them. As a corporate example, if customers value small products (e.g. cell phones), then the competence they value may be "component integration and miniaturization".

2. Brainstorm your existing competences and the things you do well.
3. For the list of your own competences, screen them against the tests of Relevance, Difficulty of Imitation and Breadth of Application, and see if any of the competences you've listed are core competences.
4. For the list of factors that are important to clients, screen them using these tests to see if you could develop these as core competences.
5. Review the two screened lists, and think about them:
    - If you've identified core competences that you already have, then great! Work on them and make sure that you build them as far as sensibly possible;
    - If you have no core competences, then look at ones that you could develop, and work to build those; or
    - If you have no core competences and it doesn't look as if you can build any that customers would value, then either you need another way of being unique in your market (see our USP Analysis article), or you need to consider finding another environment that better suits your competences.

6. Think of the most time-consuming and costly things that you do either as an individual or a company.

    If any of these things do not contribute to a core competence, ask yourself if you can outsource them effectively, clearing down time so that you can focus on core competences.

    For example, as an individual, are you still doing your own cleaning, ironing and decorating? As a small business, are you doing you own HR and payroll? As a bigger business, are you manufacturing non-core product components, or performing non-core activities?

Tip 1: As with all brainstorming, you'll get better results if you involve other (carefully-chosen) people.

Tip 2: On a personal basis and in the short term, it might be difficult to come up with truly unique core competences. However, keep this idea in mind and work to develop unique core competences.

Tip 3: You may find it quite difficult to find any true core competences in your business. If you've got a successful business that's sustainably outperforming rivals, then maybe something else is fuelling your success

However, if you're working very hard, and you're still finding it difficult to make a profit, then you need to think carefully about crafting a unique competitive position.

This may involve developing core competences that are relevant, real and sustainable.

Tip 4: As ever, if your going to put more effort into some areas, you're going to have to put less effort into others. You only have a finite amount of time, and if you try to do too much, you'll do little really well.

REFERENCES:

1. http://www.mindtools.com/pages/article/newTMC_08.htm
2. http://www.themanager.org/Models/p5f.htm

SESSION 4:

Values of an organisation

Learning Objective:

The main objectives of the session is

1. To comprehend the importance of values in an organisation
2. To learn how to create values in an organisation.

Duration:

1:30 hours

Methods:

Group Discussions, Exercises and Case study Discussions

Minimum Learning:

Participants will be able to appreciate the relevance of right values and their impact on organisations

Reading Material

Chapter-3

Organisational Values

Organizational values define the acceptable standards which govern the behaviour of individuals within the organization. Without such values, individuals will pursue behaviours that are in line with their own individual value systems, which may lead to behaviours that the organization doesn't wish to encourage.

In a smaller, co-located organization, the behaviour of individuals is much more visible than in larger, disparate ones. In these smaller groups, the need for articulated values is reduced, since unacceptable behaviours can be challenged openly. However, for the larger organization, where desired behaviour is being encouraged by different individuals in different places with different sub-groups, an articulated statement of values can draw an organization together.

Clearly, the organization's values must be in line with its purpose or mission, and the vision that it is trying to achieve. So to summarize, articulated values of an organization can provide a framework for the collective leadership of an organization to encourage common norms of behaviour which will support the achievement of the organization's goals and mission.

Ways to live out values

However, just as with a mission or vision statement, it is one thing to have a written guide to an organization's values that remains on the wall, or in a folder, but it is quite another thing to have living values which shape the culture - the way that things get done. So here are five suggestions to ensure you have living values…

1. Communicate the Values Constantly. Values should fit with the organizations' communication, both internally and externally. If organisations say that they are fun, team-oriented where everyone counts, then having a traditional style with a photo of the CEO may challenge this. Values should be spoken in talks and sermons, in articles, in internal/parish magazines. People who have achieved something which particularly emphasises the values must be appreciated for their achievements. The values should be explicitly available as new members join an organization.

2. Revisit and Refresh the Values. Values should be revisited periodically and members must be involved in updating them which will also help in the new people getting a hang of the processes.

3. Confront Contradictory Behaviour. The feedback must be given to those who don't live out the values of the organization. If people are allowed to live out contradictory values, then over time there is a clear danger that these will usurp the desired values, particularly if it is the more dynamic, dominant individuals who are espousing the contradictory values.

4. Periodically Check out with Feedback. Ask people what they think are the values of the organization - not only members, who may be influenced by the stated values, but outsiders - observers, customers, former members.

Make This Workplace Values Process Not Just another Exercise
In an article entitled the *Value of Values Clarification* – *Just Stop That Navel Gazing*, Robert Bacal, a Canadian writer and consultant, offers these cautions.
- "Don't oversell the process.

- Always anchor, or relate the values expressed to real world problems.
- Encourage people to **identify examples** where there is a gap between values, or beliefs, and behaviour.
- Remember that you are not going to alter a person's values and beliefs by talking about them. Values clarification exercises are, at best, an opportunity to share them, not change them."

If an investment in the workplace values identification and alignment process has to yield results, the leadership and individual follow-up is critical. The organization must commit to change and enhance work behaviors, actions, and interactions. **Reward** and **recognition systems** and **performance management** systems must support and reward new behaviors. **Consequences** must exist **for behaviors that undermine the values** agreed upon.

If a commitment to this end cannot be made, it is futile to start the process. You'll just create a group of cynical, unhappy people who feel misled and betrayed. They'll be much less likely to jump on board for the next organizational initiative.

Examples of Workplace Values
- Integrity
- Belonging/Caring
- Helping/Contributing
- Inner Harmony, Peace of Mind
- Personal Growth, Learning, and Self-Actualization
- Achievement /Accomplishment
- Financial Stability
- Fun

A University Student Health Center staff developed the acronym "I CARE" as a tool for remembering and expressing values. In the final document, each word is defined by a series of value statements which describe how the value is expressed in their workplace.

- Integrity
- Compassion
- Accountability
- Respect
- Excellence

Leaders and Values

Leaders know what they value. They also recognize the importance of ethical behavior. The best leaders exhibit both their values and their ethics in their leadership style and actions. Leadership ethics and values should be visible because you live them in your actions every single day.

A lack of trust is a problem in many workplaces. If leaders never identified their values in these workplaces, the mistrust is understandable. People don't know what they can expect. If leaders have identified and shared their values, living the values daily, visibly will create trust. To say one sentiment and to do another will damage trust - possibly forever. Dr. Duane C. Tway calls trust a construct because it is "constructed" of three components: "the capacity for trusting, the perception of competence, and the perception of intentions."

Workplace ethics take the same route. If the organization's leadership has a code of conduct and ethical expectations, they become an organization joke if the leaders fail to live up to their published code. Leaders that exhibit ethical behavior powerfully influence the actions of others.

As a leader, one must choose the values and ethics that are most important to one, the values and ethics one believes in and defines ones character.

Characteristics of a Successful Leadership Style

Much is written about what makes successful leaders. I will focus on the characteristics, traits and actions that, I believe, are key.

- Choose to lead.
- Be the person others choose to follow.
- Provide vision for the future.
- Provide inspiration.
- Make other people feel important and appreciated.
- Live your values. Behave ethically. (Current article - you are here.)
- Set the pace through your expectations and example.
- Establish an environment of continuous improvement.
- Provide opportunities for people to grow, both personally and professionally.
- Care and act with compassion.

Values that bind

Shashi Ravichandran

Most executives in companies are parents of one or more children. If you were to ask them about the methods they use to instil in their children family values to give them a strong foundation, they would probably think hard and tell you that there really is no method. They just lead by example. They show through their actions, words, and behaviour that they are worth emulating. They are real-life role models for their kids.

Now, let us turn to the corporate world occupied by the same executives. Each company would have a set of corporate values that should be embraced whole-heartedly. Leaders are also responsible for ensuring that their staff embraces these values equally whole-heartedly. The best way to do this would be to act as role models to their team members just as they are role models to their children.

Corporate values

Easily done, one would think. Yet, why is it that in most companies corporate values languish as an intangible concept on boardroom walls and bulletin boards? Why is it that staff members are rarely even aware of them? In reality, the values of a company should lie at the heart of its brand – in its very soul because they are a reflection of the company's core beliefs. They stand as a collective commitment to colleagues, to their customers, shareholders and to the community of which the company is a part. The values live in the way a company works, in the solutions it offers, in the employment environment it provides, and in the way it partners with the community. All these actions, which are key touch-points for the company with its various stakeholders, convey the spirit and personality of its brand. These experiences and touch points shape perceptions about it in the minds of the stakeholders. The brand is, therefore, a collection of these perceptions; emotional connections that these stakeholders have with the company, its product and services.

Every company needs to invest time and effort in building a robust and healthy brand – a process in which every staff member has an important role to play and often, the only defining feature of success. But to achieve this success, one has to first take a step back and look at the essence of the brand itself, the brand promise, which then will define the company's business strategy, its operational decisions, staff

actions, interactions, and transactions. It is the foundation for everything the company wishes to do, its *raison d'etre*.

To thus live the brand promise and reinforce the image of the brand itself, the company has to successfully embed its values amongst its staff – the people who make up its brand. Leadership has to develop and implement an effective strategy to bring these values to life and to ensure that their employees live them on an everyday basis.

They have to first determine if the people on the ground clearly understand what the values mean. Do they know what the values look like everyday? Are they transparent and tangible to them? Are they clear about what it means to live the values of the company in everything they do? Many different tools can be used to effectively disseminate this information – e-mails, quizzes, theme weeks, trivia night, and even workshops.

Building a unique corporate culture centred on personal accountability and core values and espousing the brand promise, is best achieved by a committed and ethical leadership. It is important for the top team to explicitly state the corporate code of conduct, talk about it at forums, and share it with all staff — may be even give out a book to every employee on the diverse corporate standards and value yardsticks — gender diversity, property rights, purchasing practices, environment, among others.

They should make the values clearly visible in all the key functions of the company – from hiring to performance reviews to compensation, from training to the design of employee policies and support programmes. And most important of all, leadership, as role models, should walk the talk. Shared visible values help to positively affect performance and impact business. They guide employee decisions

and actions and form an integral part of an organisation's value proposition. Even more significant, they make employees proud of the company.

Integral to this strategy are measures and an index that leadership can use to periodically evaluate how effectively values have percolated down the organisation. **Of late, many companies have started including values ratings in their annual performance appraisals** to reinforce the importance of living the corporate values.

In an era of poor investor confidence, plummeting stock prices, questionable practices, unethical conduct, and scandals, leadership has to feel responsible for nurturing and building an ethical workforce that fully embraces the values the company stands for. Enron is a famous example in recent times of how public confidence in a brand can be eroded by unethical business practices and leadership.

Values provide a common language for global companies with diverse workforces. A successful and effective strategy to embed the values within the organisation will ensure that employees understand and convey the spirit and personality of the corporate brand and its values, irrespective of geographic or language differences — the only sure fire way for a company to differentiate itself from the competition.
(The author is Head, Corporate Affairs, Scope International Pvt Ltd, the wholly-owned subsidiary of Standard Chartered Bank, UK.)

Examples of Core Values

Rabobank
In the Netherlands, Rabobank Group offers all the financial services needed by clients as they participate in an economy-driven modern society. Rabobank Group seeks to ensure that its services are

continually adjusted and updated so that they always meet the needs of private individuals and businesses alike. Rabobank believes that sustainable growth in prosperity and well-being requires careful nurturing of natural resources and the living environment, and it aims to contribute to this development with its activities. Rabobank respects the culture and traditions of the countries where it operates without losing sight of its own objectives and values. Rabobank Group takes its place in society, all the while adhering to the core values that are embedded in the mission and ambition: respect, integrity, professionalism and sustainability. All group divisions of Rabobank Group endorse these principles, which are the underlying motives for its actions:

- Respect: Rabobank Group's basis for collaboration is respect, appreciation and commitment;
- Integrity: Rabobank Group wants to be fair, honest, conscientious and trustworthy in all its dealings;
- Professionalism: Rabobank Group uses expertise and high-grade facilities in its services to customers, and strives to maintain quality and provide an efficient service, where possible anticipating the future needs of clients;
- Sustainability: Rabobank Group aims to contribute to sustainable development, both economically, socially and ecologically, of society. Rabobank Group does this for example with the Rabobank Foundation. The Groupwide funded Foundation helps disadvantaged groups of people in the Netherlands as well as abroad by providing them with the opportunity to live an independent life. Furthermore, Rabo Development was initiated to create strategic alliances with and provide capital to prominent banks in developing countries.

Plunkett

The Plunkett Foundation finds the most effective ways for each generation to put into practice the values created by its founder, Sir Horace Plunkett. These are:

- We seek economic solutions to create social change
- We seek solutions that enrich rural community life
- We see self-help as the most effective way to tackle rural needs

Infosys

Customer Delight: To surpass customer expectations consistently

Leadership by Example: TO set standards in our business and transactions and be an exemplar for the industry and ourselves

Integrity and Transparency: To be ethical, sincere and open in all our transactions

Fairness: To be objective and transaction-oriented, thereby earn trust and respect

Pursuit of Excellence: To strive relentlessly, constantly improve ourselves, our teams, our services and products to become the best

Greenpeace Core Values

Greenpeace has five core values

Greenpeace is about changing the world. To bring about this change, we guide all our actions by five core values - bearing witness, taking direct action, non violence, independence and internationalism. These values inform everything we do.

Bearing witness: We follow the Quaker tradition of bearing witness. The idea is that when you see something wrong, you must publicly state your opposition to it and draw it into the public eye. Most wrongdoing in the world cannot continue under public scrutiny.

This is related to:

Direct Action: We believe that if you see something wrong, you are morally obliged to do something about it. That means you must make efforts to stop the wrong that you see.

But you must do so using:

Non violence: We strongly believe that violence in any form is morally wrong and accomplishes nothing. Creative non-violent civil disobedience, on the other hand, is a much more effective method of convincing people that what you are saying makes sense. To do the above, *we need to maintain:*

Independence: We do not accept contributions from governments, corporations or political parties because it would compromise our core values.

In addition to remaining independent from powerful interests, we must see global

problems as such, *so we believe in:*

Internationalism: We are citizens of the world, and do not take sides with any specific state, but seek international solutions to environmental threats.

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2. http://humanresources.about.com/od/orgdevelopment/a/valueslive_3.htm
3. http://humanresources.about.com/od/leadership/a/leader_values.htm
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SESSION 6
Understanding Concept of Strategy and Strategic Visioning

Learning Objective:

The main objectives of the session are:

1. To understand what is strategy, its concept and its overall purpose in the organisation.

Duration:

1:45 hours

Methods:

Group Discussions, Exercises and Case study Discussions

Minimum Learning:

Participants should be able to understand and formulate a strategy for their organisation as well as the concept of strategic planning process, strategic formulation, implementation and control.

Reading Material

Chapter-4: Strategy and Strategic Visioning

Chapter 4

Strategy and Strategic Visioning

Strategy

What is strategy? Is it a plan? Does it refer to how we will obtain the ends we seek? Is it a position taken? Just as military forces might take the high ground prior to engaging the enemy? Or does strategy refer to perspective, to the view one takes of matters, and to the purposes, directions, decisions and actions stemming from this view? Lastly, does strategy refer to a pattern in our decisions and actions? For example, does repeatedly copying a competitor's new product offerings signal a "me too" strategy?

Strategy is all these—is perspective, position, plan, and pattern.

1. A plan, a "how," a means of getting from here to there.
2. A pattern in actions over time; for example, a company that regularly markets very expensive products is using a "high end" strategy.
3. A position, that is, it reflects decisions to offer particular products or services in particular markets.
4. A perspective, that is, a vision and direction, a view of what the company or organization is to become.

Strategy is the bridge between policy or high-order goals on the one hand and tactics or concrete actions on the other. Strategy and tactics together straddle the gap between ends and means. In short, strategy is a term that refers to a complex web of thoughts, ideas, insights, experiences, goals, expertise, memories, perceptions, and

expectations that provides general guidance for specific actions in pursuit of particular ends. Strategy is at once the course we chart, the journey we imagine and, at the same time, it is the course we steer, the trip we actually make. Even when we are embarking on a voyage of discovery, with no particular destination in mind, the voyage has a purpose, an outcome, an end to be kept in view.

Strategy, then, has no existence apart from the ends sought. It is a general framework that provides guidance for actions to be taken and, at the same time, is shaped by the actions taken. This means that the necessary precondition for formulating strategy is a clear and widespread understanding of the ends to be obtained. Without these ends in view, action is purely tactical and can quickly degenerate into nothing more than a flailing about.

When there are no "ends in view" for the organization, strategies still exist and they are still operational, even highly effective, but for an individual or unit, not for the organization as a whole. The risks of not having a set of company-wide ends clearly in view include missed opportunities, fragmented and wasted effort, working at cross purposes.

The Practical Question: How?

How does one determine, articulate and communicate company-wide ends? How does one ensure understanding and obtain commitment to these ends? The quick answers are as follows:

The ends to be obtained are determined through discussions and debates regarding the company's future in light of its current situation. Even a SWOT analysis (an assessment of Strengths, Weaknesses, Opportunities and Threats) is conducted based on current perceptions.

The ends settled on are articulated in plain language, free from flowery words and political "spin." The risk of misdirection is too great to tolerate imaginative wordsmithing. Moreover, the ends are communicated regularly, repeatedly, through a variety of channels and avenues. There is no end to their communication.

Understanding is ensured via discussion, dialog and even debate, in a word, through conversations. These conversations are liberally sprinkled with examples, for instances, and what ifs. Initially, the CEO bears the burden of these conversations with staff. As more people come to understand and commit to the ends being sought, this communications burden can be shared with others. However, the CEO can never completely relinquish it. The CEO is the keeper of the vision and, periodically, must be seen reaffirming it.

Ultimately, the ends sought can be expressed via a scorecard or some other device for measuring and publicly reporting on company performance. Individual effort can then be assessed in light of these same ends. Suppose, for instance, that a company has these ends in mind: improved customer service and satisfaction, reduced costs, increased productivity, and increasing revenues from new products and services. It is a simple and undeniably relevant matter for managers to periodically ask the following questions of the employees reporting to them:

- What have you done to improve customer service?
- What have you done to improve customer satisfaction?
- What have you done to reduce costs?
- What have you done to increase productivity?
- What have you done to increase revenues from new products and services?

There are at least three basic forms of strategy in the business world and it helps to keep them straight. (1) general strategy (2) corporate strategy and (3) competitive strategy (Figure 1).

Figure 6- Types of Strategies

Corporate versus Competitive Strategy

Corporate strategy defines the markets and the businesses in which a company will operate. Competitive or business strategy defines for a given business the basis on which it will compete. Corporate strategy is typically decided in the context of defining the company's mission and vision, that is, saying what the company does, why it exists, and what it is intended to become.

Competitive strategy hinges on a company's capabilities, strengths, and weaknesses in relation to market characteristics and the corresponding capabilities, strengths, and weaknesses of its competitors.

Michael Porter indicates that, in response to the five forces, competitive strategy can take one of three generic forms: (1) focus, (2) differentiation, and (3) cost leadership.

Other Factors Affecting Corporate and Competitive Strategy
1. Products-services offered
2. Natural resources
3. Sales-marketing methods
4. Production capacity-capability
5. Users-customers served
6. Size/growth goals
7. Distribution methods
8. Technology
9. Market types and needs
10. Return/profit goals

Some Fundamental Questions

Regardless of the definition of strategy, or the many factors affecting the choice of corporate or competitive strategy, there are some fundamental questions to be asked and answered. These include the following:

• Related to Mission & Vision	1. Who are we? 2. What do we do? 3. Why are we here? 4. What kind of company are we? 5. What kind of company do we want to become? 6. What kind of company must we become?
• Related to Corporate Strategy	1. What is the current strategy, implicit or explicit? 2. What assumptions have to hold for

	the current strategy to be viable?
	3. What is happening in the larger, social and educational environments?
	4. What are our growth, size, and profitability goals?
	5. In which markets will we compete?
	6. In which businesses?
	7. In which geographic areas?
• Related to Competitive Strategy	1. What is the current strategy, implicit or explicit?
	2. What assumptions have to hold for the current strategy to be viable?
	3. What is happening in the industry, with our competitors, and in general?
	4. What are our growth, size, and profitability goals?
	5. What products and services will we offer?
	6. To what customers or users?
	7. How will the selling/buying decisions be made?
	8. How will we distribute our products and services?
	9. What technologies will we employ?
	10. What capabilities and capacities will we require?
	11. Which ones are core?
	12. What will we make, what will we buy, and what will we acquire through alliance?
	13. What are our options?
	14. On what basis will we compete?

Strategic Visioning Process

OVERVIEW

Strategic Visioning is a process that engages an entire organizational community in integrating its best hindsight and foresight in aligned action. It was designed by David Sibbet and colleagues at The Grove Consultants International in San Francisco. In methodological terms, it blends traditional strategic planning with best practices emerging from visioning, large scale collaboration, and graphic facilitation. This blend complements the heavily analytical approaches of traditional planning with processes that engage participants in a holistic integration of their intuitive, emotional, intellectual, and physical understandings of the organization.

To understand the promise of this approach, it helps to appreciate what each of the four foundation disciplines brings to the process.

Strategic Planning -- This discipline typically relies on a comprehensive analysis of

- Past and current competitive environments, trends / imperatives / and assumptions regarding the relevant industry,
- Organizational strengths/weaknesses/opportunities/ threats,
- Strategic priorities and portfolios, and
- Aligning management to strategies and action plans focused on priority objectives.

Most large organizations build analysis of this kind built into their annual planning processes. Practices range from enormously elaborate planning processes with prescribed forms integrated into annual

business planning to occasional retreats seeking new direction. The value of strategic planning is its emphasis on relationship with the larger industry and environment, its rigor in analyzing current positions and capabilities, and its widespread use. Its practices are great building blocks for any direction setting process.

Visioning -- Setting high level directions through visioning processes has emerged as a discipline in the last decade, fuelled by increasing turbulence in the external environment. Industry shapers tend to do better than followers, especially when it's not clear what to follow. Being "visionary" is also a widely touted competency of leadership. Vision processes seek to create a compelling picture of desirable future states that often represent quantum changes from the past. They develop memorable imagery and stories about the nature and benefits of this future, and work backwards to understand the journey that could carry people to this vision. There are plenty of critics of visioning as an isolated approach. It can generate impractical and ungrounded concepts. In highly dynamic industries it may be better to work with multiple scenarios and potential future states rather than over-focus on one vision which, if wrong, could derail the organization. When visioning focuses on the generating short, exciting vision statements, it can result in banners and slogans so abstract they have little utility, especially if management doesn't truly "walk the talk". On the other hand, robust visioning processes that engage people in thorough exploration of possibilities, using different media to portray possible futures, and engaging leadership directly in the process can be extraordinarily energizing for an organization. It can help an organization break out of overly constrained view of the future and is a powerful way of tying values to action.

Large Scale Change Processes -- More and more experiments are taking place which have the goal of "getting the whole system in the room". Technologies for involving large numbers of people range from very detailed processes specifying systems for generating and sharing data between hundreds of people, to distributed processes that work ideas up and down the organization. The general purpose is to generate a shared base of assumptions and understandings about the need to change, look at alternatives available, as well as ideas for moving forward throughout the entire organizational system. The challenge of these approaches is getting buy-in from leadership for such resource intensive processes, managing the large amounts of information that can be generated, and conducting them within time frames that generate relevant action. These approaches, when conducted with commitment and careful design of the communication flows, can greatly accelerate the process of identifying, committing to, and implementing system-wide changes.

Graphic Facilitation -- Graphics are an increasingly accepted business language. For electronic communications most people understand that graphical user interfaces are much more intuitive than text-only. In meetings and other group processes more and more organizations are using very large visual working displays, imagery and metaphor, and structured graphic templates to increase participation, productivity, and systems level thinking in groups. Use of large scale, interactive visuals is limited by lack of training, availability of materials, and bias in some organizations against high participation processes. However, large scale graphics are uniquely suited for engaging groups in reviewing their organizational histories, surveying relevant environments, communicating visions and roadmaps. Such communications engage both left and right brains of users.

Our experience in working with all four technologies has convinced us that combining them offers organizations real breakthroughs in the levels of involvement, buy-in, and productivity in strategy formation processes.

THE STRATEGIC VISIONING MODEL

Pulling together the strengths of each of these processes involves some fundamental challenges:

- How to engage the analytical aspects of people as well as their feelings and intuition.
- How to respect the past and simultaneously embrace the future.

Our efforts to work creatively with tensions have led to a process which progressively builds an ability on the part of people participating in a planning process to see the organization and its aspirations as a whole. The following diagram illustrates what we have found to be the optimal flow of attention through these concerns.
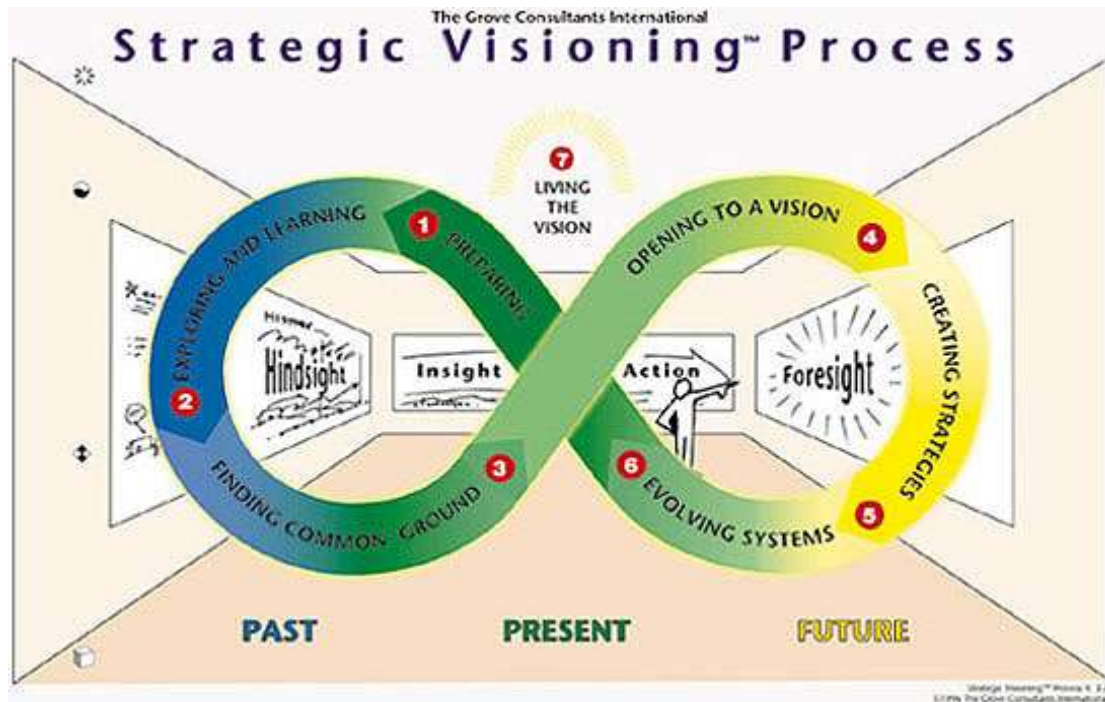
Figure 7- Strategic Visioning Process

The model suggests that cycling between looking backward and forward appropriately broadens everyone's sense of the time flows effecting the whole organization, its environment, and its dynamic potential. In addition, the use of big picture, image-rich strategies that tap intuition and feelings along with more precise analysis and field work that taps thinking and sensing, systematically integrates the ways by which humans understand their past, present and future. The pattern forms an archetypal figure eight, which can be understood as the ideal overall process, as well as a pattern that repeats in a fractal way inside each major phase, steadily deepening people's understanding of new possibilities and directions.

If you take this pattern and break it into logical steps, seven phases emerge which provide a template for designing Strategic Visioning processes. These stages are numbered on the diagram above. They are:

Stage One: Preparation for the Journey

Stage Two: Exploring and Learning

Stage Three: Finding Common Ground

Stage Four: Opening to a Vision

Stage Five: Creating Strategies

Stage Six: Evolving Systems

Stage Seven: Living Your Vision in Action

STRATEGIC VISIONING IN PRACTICE

Following is a brief description of each stage in the process, what it focuses on, and some of the activities or "moves" which are associated with that phase.

Stage 1: Preparing for the Journey: Strategic Visioning is an adventure which organizations take periodically, much like special journeys. They are often triggered by crossroads decisions the organization must make in the near future. To lead and support the strategic visioning process, leadership and key stakeholders must understand that a shared understanding of its past and possible futures will catalyze more effective and aligned responses to these issues in the present. It is the day-to-day decisions and enactments that ultimately shape an organization. The moves in this initial part of the process aim at involving a stakeholders' team in creating a clear process plan that engages the important parts of the organization in taking this special journey. They might include:

- Listing crossroads issues
- Contracting for outcomes, overall process, roles, and ground rules
- Creating a design team to customize and guide the process
- Engaging top management in a clear sponsorship role

Stage 2: Exploring and Learning: On the model the process now moves up and back into history, engaging the intuition and feelings of participants by looking at the big picture. Large scale group graphic techniques and large group gatherings support story telling, acknowledgments, and release of the energy and learning tied up in past experience. This opening up is then grounded in more analytic exploration of core values, competencies, successes, and learning. Throughout this stage the group dialogues and documents in an exploratory mode, gathering a common base of respect and understanding for the visioning journey ahead. Common moves include:

- Completing a Graphic History
- Identifying core competencies and historic values
- Creating a Context Map of the Relevant Environment
- Analyzing Industry Structure

Stage 3: Finding Common Ground: This stage in the process creates a solid platform of information and agreements which can serve as a springboard for visioning. When people know what some of the givens and boundaries are, they are freer to improvise and stretch. This seems paradoxical, but is a bit like standing in a doorway pressing your arms out, and then stepping free. Clarifying the understandings at this stage anchors and re-centers everyone in the present for a launch into visioning. It is very important to document these discussions, using such tools as group multi-voting and groupware to illustrate the extent of agreements. Useful moves here are:

- Agreeing on trends, assumptions, and imperatives

- Analyzing strengths, weaknesses, opportunities, and threats of the current organization using a SWOT matrix
- Identifying benchmarks and potential success models
- Interviewing customers, stakeholders and others for their perspectives

Stage 4: Opening to a Vision: This stage moves up and forward in the model, reversing the direction of attention from the last phase toward the future. The little rehearsals of thinking forward in the prior stages will have built a readiness to fly free with the group imagination. The moves here should be tailored to the group and its readiness for different kinds of work. It is very important at this stage to leave evaluation behind, and open your collective arms to the voices of the intuition and deep feelings. Visions are most powerful if they represent real aspirations. They do not need to be worked out in every detail, but imagined powerfully and vividly. Productive approaches would include:

- Conducting a vision retreat or search conference with a lateral slice of the organization
- Using the Cover Story Visioning Guide to imagine being featured in a major magazine in the future
- Exploring metaphors and stories that describe the future organization.
- Creating a Vision Map which integrates information about vision elements, values, critical issues, competencies, and major milestones.

Stage 5: Creating Strategies: Strategies link the learning from the past with the vision by articulating a high level path forward. In a sense, they begin to bring the vision back down to the ground. Strategies should tell a powerful story of where to focus actions. Too many strategies

undermine their impact. The moves in this part of the process begin to integrate the work of the prior stages, so be prepared to bring forward documentation and charts. Re-post key templates to create a room for whole systems thinking. Typical moves here might be:

- Conducting cascades of the vision, eliciting strategies
- Using the Five Bold Steps template to focus in on the critical actions needed to achieve a quantum shift in direction
- Identifying future scenarios and testing the vision against them
- Iterating Vision Maps that include strategy ideas

Stage 6: Evolving Systems: For strategic visions to have impact they must be embraced by the larger organization and begin shaping the way systems and processes evolve in the organization. The most direct route is to involve as many people as possible in refining the vision and strategies, integrating the vision graphics to show progress. Another key part of this step is formal communications that let everyone know what is happening, and building feedback mechanisms. It's important during this phase to accept and honour resistance to changes. This is a sign of progress and the vision having an impact.

Consider using such moves as:
- Having action teams create Graphic Game plans for each key strategy
- Using the vision to focus key re-design projects aimed at critical areas
- Launching initiatives aimed at implementing key strategies

Stage 7: Living Your Vision in Action: The ultimate success of a strategic visioning process is the extent to which leadership and key stakeholders actually begin living the vision day-to-day. If there is one thing that

undermines a process of this sort, it is lack of genuine involvement and modelling of its significance. This is why key managers must be involved from the beginning, preferably leading the process. It is even more crucial to demonstrate commitment to the new strategic vision when it is challenged by downturns or other "bumps" in the road. People in organizations know when their leaders are serious about things. "Be" the vision to get real results. Of importance here is:

- Integrating the Strategic Vision into ongoing business planning and objective-setting processes
- Identifying and initiating critical "enactments" of commitments made in the strategic vision.
- Updating and using graphic visions as a major communications tool to underline the importance of the new directions and changes which arise.

REFERENCES:

1. Strategic Visioning Process by Grove Consultants International
2. http://home.att.net/~nickols/strategy_definition.htm

SESSION 7
Understanding Concept of Tactical Planning

Learning Objective:

The main objectives of the session are:

1. To understand what is meant by tactics and its relation to strategy in the overall functioning of the organisation

Duration:

1:30 hours

Methods:

Group Discussions, Exercises

Minimum Learning:

Participants should be able to understand tactical planning and decision-making

Reading Material

Chapter-5: Tactical Planning

Chapter 5
Tactical Planning

Tactical Planning is the process of taking the strategic plan and breaking it down into specific, short term actions and plans. The relative length of the planning horizon will vary from one market to another but typically the strategic plan will cover a period greater than three years while the tactical plan covers the period from today through to the end of year three.

The process of producing a useable tactical plan is not easy as some flexibility is required to allow response to unplanned events. It is important that the tactical plan should be checked to ensure it is aligned with the strategic plan and that all activities are aimed at moving closer to the goals defined in the strategic plan. It is very easy for the tactical plan to diverge at a tangent because of someone's interests or disagreement with the strategic plan.

Figure 8- Strategy and Tactics

Strategic planning is a business process that many companies employ to identify their critical success factors that set the course for future growth and profits.

Like most business processes, the key to success is in the effective implementation of the plan. Companies that do a good job of developing and executing their strategies can create a competitive edge that provides increased market share and higher gross profit margins. Organizations that turn their plan into a "dust collector" upon an executive bookshelf will never achieve their full growth and profit potential.

Most criticism of strategic planning is aimed at the planning process. They question the validity of a plan that has been based on market "guestimates", the questionable valuation of the depth and breadth of competitors and an optimistic assessment of the company's internal strength and weakness. **The fact that strategic plans can be overly optimistic is not the core problem.** Although the criticism may be appropriate, *it puts the focus for improvement on the wrong end of the process - it's the implementation task that is critical to producing positive results and it's here where most companies fail at strategic planning.*

Rational strategic plans poorly implemented will produce limited positive results. *On the other hand, overly optimistic strategic plans, effectively implemented can produce results beyond everyone's expectations. This being the case, what is the key to effective implementation? In one word - commitment!*

***Companies that are good at strategic planning build commitment to
the planning process and to each of the strategies within the plan.*** They
build commitment throughout the organization, working with people
from all business functions to build commitment before, during, and
after development of their strategic plan.

Winners begin early in building commitment to the strategic plan.
Suggestions are encouraged from managers at all levels, from key
executives who will participate in the planning sessions, and others who
will share responsibility for implementing the resultant strategies.
Together, they surface issues that will require changes in business
process and/or culture and identify those constraints that will need to
be overcome if implementation is to be successful.

During planning sessions, key executives from each functional area are
all encouraged to participate and contribute to the plan. These
executives develop strategies that build on organizational strengths
and consider resources required to accomplish those strategies. They
assure that a key executive "owns" each strategy and commits to a
time schedule for its accomplishment. The key executives give thought
to resource planning - realizing that human resources are the key to
making positive things happen in difficult, complex business
environments - and they commit accordingly.

Following the development of their plan, those responsible for
implementations develop their own "tactical plans." These action plans,
when coupled with self-directed work teams, are major contributors to
a successful Strategic Planning implementation. Teams use their plan to
manage, to make decisions and to grow their business. Periodically,
they review their "tactical plans" to monitor and report on the progress

of implementation - keeping the plan "alive" by revising strategies and tactics when necessary.

Finally, to assure successful implementation of their strategic plan, they work on the planning process itself. The planning group continuously "fine tunes" the planning process to assure that inputs from all business functions are given their due consideration and to assure that buy-in and commitment to the final plan is at all levels of the organization.

So, why are most operations management teams outside of the strategic planning process? Why do many line managers view strategic planning as a make work project that produces little or zero value to customers? Maybe, it's because they did not participate in its development nor did they buy-into its validity - let alone commit to the execution of its strategic objectives. In short, they're not connected to the process! To achieve a company's full growth and profit potential, CEOs and business owners need to assure the active participation of operation management in their strategic planning process.

The Difference between Strategic and Tactical Planning

	Strategy	Tactics
Scale of the Objective	Grand	Limited
Scope of the Action	Broad & General	Narrowly focused
Guidance Provided	General & Ongoing	Specific & Situational
Degree of Flexibility	Adaptable but not hastily changed	Fluid, quick to adjust and adapt in minor or major ways
Timing	Before Action	During Action
Resource Focus	Deployment	Employment

Tactics are the substance of strategy. They comprise what is done pursuant to strategic planning. The strategic phase of business planning has thinkers (you- the small business owner) determining ways to achieve stated goals. Simply stated, they plan how people need to act in order to attain the objectives for which the strategy is to be used.

Tactics, on the other hand, are the very actions that are necessary to carry out the strategy. Strategies can be a combination of a number of tactics with the involvement of several different people, all working toward reaching a common goal.

Strategic planning involves only the top brass of an enterprise whereas the tactical planning part envisages the involvement of the organization as a whole.

To understand the differences better, here are some notable points with respect to strategic and tactical planning. In strategic planning,

you need to determine specifically what outcome you want to achieve and establish a realistic baseline or starting point giving due consideration to internal and external realities by conducting relevant research (competitive, market, attitudinal).

You need to draw up an aggressive plan to support research findings listing defined strategic objectives. The plan should reflect perceived challenges and the expected end results.

To elicit support for the strategy, undertake a consensus-building exercise involving the right people. Make sure that tactics are likely to lead to the strategic benefits you desire to achieve. In tactical planning, you need to understand strategic goals and decipher the goals and implement courses of action for attainment of strategic objectives.

As a small business owner, you need to make plans that include specific activities that are arranged on specified time frames and outcomes. Ensure due performance of all tactical planning activities and calculate their effects; then help connect the tactical moves to the strategic plan.

To sum up, strategic planning relates to issues pertinent to the mission of your small business—the purpose of its existence. The responsibility for strategic planning rests with you (and your partners and investors, if any).

Tactical planning is developed by a small business owner or management team who deals with getting the work done to carry out the strategic plan. They draw up a tactical plan that will deal with the "how" part of the plan. The main question for them is: "How can goals

be accomplished within the designated limits of resources and authority?"

The terms tactical and strategic are fundamental to an understanding of the different responsibilities attached to management and governance of any small business.

Strategic, Tactical and Operational Decision Making

Decision-making is a special art in small business

Getting the balance right between strategic, tactical and operational decisions will have your business powering ahead. Finding the correct balance takes thoughtful experimentation, learning and adjustment. Knowing the symptoms that emerge when your decision-making is out of kilter will have you finding the right balance sooner.

The first step to finding the right balance is to go back to basics and examine the 3 levels of decision-making. It will help you determine which areas need more and less effort to release the potential in your business.

The 3 Levels of Decision-making:

There are 3 levels of decision-making that need to take place in a business for it to operate at its full potential. The three levels are:

- Strategic
- Tactical
- Operational

The E-myth Revisited (see footnote) is renown for referring to these three levels as 'The Leader', 'The Business Manager' and 'The

Technician'. The three levels are not new to business and have been around a lot longer than the E-myth, yet they continue to be one of the central challenges in running a business.

Many of the problems we face as business owners are the result of not having the right mix between the levels.

Get that mix right and your will discover you will have far more choice and flexibility in the:

- Hours you work
- Type of work you do
- Type of people you employ
- Quality of your work
- Clients you service
- Profitability of your business

Getting the mix of decision-making right is one of the key factors that will determine your ability to operate proactively rather than reactively in the business.

Looking at the 3 Levels in Detail

Strategic Decisions - 'What?'

Strategic decisions deal with the big picture of your business. The focus of strategic decisions is typically external to the business and usually future oriented. Strategic decision-making creates the forward thrust in the business.

It includes decisions about:

- What business are you in?
- What is your vision for the business?
- What's your business' identity?

- What do you stand for?
- Which direction is the business headed?
- How will the business compete?

Corporations often capture their overall business strategy in a "Statement of Intent" and it's an excellent term for describing what strategic decision-making is. Too often people confuse strategic decisions with tactical decisions and fail to really examine the big picture. It can lead to stagnation in the business and an inability to move forward.

Tactical Decisions - 'How?'

Tactical decisions involve the establishment of key initiatives to achieve the overall strategy. For example, if you have decided to be the Number 1 provider in your market (a strategic decision) then you will develop tactics (e.g. implement a marketing system, increase number of therapists) to achieve that outcome. In a small business you may have 4 or 5 key tactics that you are going to use to achieve your overall strategy.

Again this layer of decision-making can sometimes be overlooked yet it is the glue that creates a strong connection between your long-term vision and your day-to-day activities. Tactical decision-making is the domain of 'mission' statements.

Think in terms of the battlefields from which the term has emerged. The overall strategy, that is, what the army is there to do, is to win the war. Then you have a number of 'missions' you send troops on, preferably diplomatic ones, the cumulative effect of which is intended to win the war.

Operational Decisions - 'How will we deploy resources?'

Operational decisions determine how activities actually get done. They are the 'grass roots' decisions about who is going to do what and when. It includes:

- How will we spend our money this month?
- How will we service that client?
- What is our procedure for delivering an order?
- Who will be doing quality control?

If you are making decisions involving processes and procedures they are usually operational decisions. Operational decisions are often made in 'real time' and are the result of needing to make quick adjustments or change to achieve the desired outcome.

Is this working 'on' or 'in' your business?

By now the phrase "working 'on' rather than 'in' your business" has possibly come to mind. It's a phrase that is bantered around a lot but not always well understood. The strongest indicator of you working 'on' your business is that planning activities are being done. If you're in the process of meeting a client's needs or business administration then you are working 'in' the business. Now here's the interesting bit: Planning happens at all three levels of decision-making, so there is the opportunity to work 'on' your business at all three levels. Not only that, it needs to happen at all three levels. Why?

Do any of the following statements sound familiar to you?

- "I work hard but I just don't seem to get anywhere"
- "I feel like I've got to constantly spoon feed staff to keep them going"
- "No one is as passionate about my business as I am"

- "I want to get more balance in my life but just can't walk away from the business"
- "It's getting hard to get out of bed in the morning"

Each of these statements describes a symptom of what occurs when strategic decision-making is lacking. They deal with issues of motivation and direction. Maybe some of these statements are also familiar?

- "We've always been a bit haphazard with sales, so I'm sure there are opportunities we've missed"
- "So many opportunities, so little time!"
- "We come up with great ideas but have trouble seeing them through to implementation"

This is what happens when the business lacks tactical and operational decision-making. The big picture creativity needs to be grounded in day-to-day doing.

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2. http://ezinearticles.com/?Strategic-Planning---Strategic-and-Tactical Planning&id=977115
3. http://www.morebusiness.com/strategic-planning
4. http://www.smallbusinesshq.com.au/factsheet/20305-Tips-on-Strategic-Tactical-and-Operational-Decision-Making.htm

SESSION 9
Fifth Discipline

Learning Objective:

The main objective of the session is to understand the key disciplines required in a learning organisation/individual

Duration:

1:30 hours

Methods:

Group Discussions and Exercises

Minimum Learning:

Participants will understand how to:

1. Key Aspects of Learning Organistions

2. Develop efficient and effective organisations

Reading Material

Chapter-6: Fifth Discipline

Chapter 6
The Fifth Discipline

Introduction

The organizations that will truly excel in the future will be those that discover how to tap people's commitment and develop the capacity to learn at all levels in an organization. Deep down, people are learners. No one has to teach an infant to learn. In fact, no one has to teach infants anything. They are intrinsically inquisitive, masterful learners. Learning organizations are possible because at heart we all love to learn. Through learning we re-create ourselves and are able to do something we were never able to do earlier. Through learning we perceive the world and our relationship to it. Through learning we extend our capacity to create, to be part of the generative process of life. There is within each of us a deep hunger for this type of learning. This seminal book by Peter M Senge explains how learning organizations can be built.

The building blocks

Systems Thinking

Business and other human endeavours are systems of interrelated actions, whose full impact may be seen only after years. Since we are part of these systems, it's hard to see the whole pattern of change. Instead, we tend to focus on snapshots of isolated parts of the systems, and wonder why our deepest problems never seem to get solved. Systems thinking is a conceptual framework, to make the full patterns clearer and to help us see how to change them effectively.

Personal Mastery

Mastery means a special level of proficiency. People with a high level of personal mastery are able to consistently realize the results that matter most deeply to them in effect. They approach their life as an artist would approach a work of art, by becoming committed to their own lifelong learning. The discipline of personal mastery, starts with clarifying the things that really matter to us, of living our lives in line with our highest aspirations.

Mental Models

Mental models are deeply ingrained assumptions, generalizations, or even pictures of images that influence how we take action. Very often, we are not consciously aware of our mental models or the effects that they have on our behavior. Many insights into new markets or outmoded organizational practices fail to get put into practice because they conflict with powerful, tacit mental models.

Institutional learning is the process whereby people change their shared mental models of the company, their markets, and their competitors.

Building Shared Vision

If any one idea about leadership has inspired organizations for thousands of years, it's the capacity to hold a shared picture of the future we seek to create. When there is a genuine vision, people excel and learn, not because they are told to, but because they want to. But many leaders have personal visions that never get translated into shared visions that galvanize an organization.

All too often, a company's vision revolves around the charisma of a leader, or around a crisis that galvanizes everyone temporarily. But,

people must pursue a lofty goal, not only in times of crisis but at all times. What is needed is a discipline for translating individual vision into shared vision– not a "cook book" but a set of principles and guiding practices.

Team Learning

The discipline of team learning starts with "dialogue," the capacity of team members to suspend assumptions and enter into a genuine "thinking together." Dialogue also involves learning how to recognize the patterns of interaction in teams that undermine learning. The patterns of defensiveness are often deeply engrained in how a team operates. If unrecognized, they undermine learning. If recognized, they can actually accelerate learning.

Assessing the organization's learning disability

Most organizations learn poorly. The way they are designed and managed, the way people's jobs are defined, and most importantly, the way people have been taught to think and interact, create fundamental learning disabilities.

When people in organizations focus only on their position, they have little sense of responsibility for the results they produce. Moreover, when results are disappointing, we tend to find someone or something outside ourselves to blame when things go wrong. All too often, "proactiveness" is reactiveness in disguise. True proactiveness comes from seeing how we contribute to our own problems. Actions in organizations are dominated by concern with events: last month's sales, the new budget cuts, the last quarter's earnings, who just got promoted or fired, the new product our competitors just announced, the delay in launching a new product, and so on.

Our fixation on events is actually part of our evolutionary programming. The irony is that today the primary threats to our survival, both of our organizations and of our societies, come not from sudden events but from slow, gradual processes. The arms race, environmental decay, the erosion of our society's public education system, increasingly obsolete physical capital, and decline in design or product quality are all slow, gradual processes. Learning to see slow, gradual processes requires slowing down our frenetic pace and paying attention to the subtle as well as the dramatic.

We learn best from experience but we never directly experience the consequences of many of our most important decisions. The most critical decisions made in organizations have system wide consequences that stretch over years or decades.

Systems thinking

Systems thinking is the fifth discipline. It is the conceptual cornerstone that underlies all the five learning disciplines. The easy or familiar solution is not only ineffective; sometimes it is addictive and dangerous. The long-term, insidious consequence of applying non-systemic solutions is the increased need for more and more of the solution.

There is a fundamental mismatch between the nature of reality in complex systems and our predominant ways of thinking about that reality. The first step in correcting that mismatch is to let go of the notion that cause and effect are close in time and space. Tackling a difficult problem is also a matter of seeing where the high leverage lies, a change which – with a minimum of effort would lead to lasting, significant improvement. This point is quite similar to what Malcolm Gladwell makes in his book, "The Tipping Point".

Without systems thinking, there is neither the incentive nor the means to integrate the learning disciplines that have come into practice. Systems thinking is the cornerstone of how learning organizations think about their world.

Sophisticated tools of forecasting and business analysis, as well as elegant strategic plans, usually fail to produce dramatic breakthroughs in managing a business. They are all designed to handle the sort of complexity in which there are many variables. Senge calls it detail complexity. But there is another type of complexity, where cause and effect are subtle, and where the effects over time of interventions are not obvious. This, Senge calls dynamic complexity. Conventional forecasting, planning, and analysis are not equipped to deal with dynamic complexity.

When the same action has dramatically different effects in the short run and in the long run, there is dynamic complexity. When an action has one set of consequences locally and a very different set of consequences in another part of the system, there is dynamic complexity. When obvious interventions produce non-obvious consequences, there is dynamic complexity.

The real leverage in most management situations lies in understanding dynamic complexity, not detail complexity. Unfortunately, most "systems analyses" focus on detail complexity, not dynamic complexity.

Systems thinking is useful for describing a vast array of interrelationships and patterns of change. Ultimately, it helps us see the deeper patterns lying behind the events and the details.

In mastering systems thinking, we give up the assumption that there must be an individual, or individual agent, responsible. Everyone shares responsibility for problems generated by a system. That does not necessarily imply that everyone involved can exert equal leverage in changing the system. But it discourages the search for scapegoats.

In reinforcing processes, a small change builds on itself. A small action snowballs, with more and more and still more of the same, resembling compounding interest. But there's nothing inherently bad about reinforcing loops. There are also "virtuous cycles" – processes that reinforce in desired directions.

If we are in a balancing system, we are in a system that is seeking stability. If the system's goal is one we like, we will be happy. If it is not, we will find all our efforts to change matters frustrated until we can either change the goal or weaken its influence. Nature loves a balance –but many times, human decision makers act contrary to these balances, and pay the price.

In general, balancing loops are more difficult to see than reinforcing loops because it often looks like nothing is happening. Leaders who attempt organizational change often find themselves unwittingly caught in balancing processes. To the leaders, it looks as though their efforts are clashing with the sudden resistance that seems to come from nowhere. In fact, the resistance is a response by the system, trying to maintain an implicit system goal. Until this goal is recognized, the change effort is doomed to failure.

Systems seem to have minds of their own. This is especially evident in delays between actions and their consequences. Delays can make us

badly overshoot the mark, or they can have a positive effect if we recognize them and work with them.

That's one of the lessons of balancing loops with delays. Aggressive action often produces exactly the opposite of what is intended. It produces instability and oscillation, instead of moving us more quickly toward our goal.

Symptomatic intervention

A reinforcing (amplifying) process is set in motion to produce a desired result. It creates a spiral of success but also creates inadvertent secondary effects (manifested in a balancing process) which eventually slow down the success. Instead of trying to push growth, we must remove the factors limiting growth.

An underlying problem generates symptoms that demand attention. But such a problem is difficult for people to address, either because it is obscure or costly to confront. So people "shift the burden" of their problem to other solutions – well-intentioned, easy fixes which seem extremely efficient.

Solutions that address only the symptoms of a problem, not fundamental causes, tend to have short term benefits at best. In the long term, the problem resurfaces and there is increased pressure for symptomatic response. Meanwhile, the capability for fundamental solutions can atrophy.

Symptomatic intervention; the "quick fix," solves the problem symptom quickly, but only temporarily. In case of a more fundamental response to the problem, it takes longer to become evident. However, the

fundamental solution works far more effectively. It may be the only enduring way to deal with the problem.

The shifting burden structure explains a wide range of behaviors where well-intended "solutions" actually make matters worse over the long term. Opting for "symptomatic solutions" is enticing. Apparent improvement is achieved. Pressures, either external or internal, to "do something" about a vexing problem are relieved. But easing a problem symptom also reduces any perceived need to find a more fundamental solution. Over time, people rely more and more on the symptomatic solution. Without anyone making a conscious decision, people have "shifted the burden" to increasing reliance on symptomatic solutions.

A special case of shifting the burden, which recurs with alarming frequency, is "eroding goals." Whenever there is a gap between our goals and our current situation there are two sets of pressures: to improve the situation and to lower our goals. Dealing effectively with the situation requires a combination of strengthening the fundamental response and weakening the symptomatic response. Strengthening fundamental responses almost always requires a long-term orientation and a sense of shared vision. Weakening the symptomatic response requires willingness to face the truth about palliatives and "looking good" solutions.

Leverage

The bottom line of systems thinking is leverage. We must see where small actions and changes in structures can lead to significant, enduring improvements. The best results come not from large-scale efforts but from small well-focused actions. Nonsystematic ways of thinking consistently lead us to focus on low-leverage changes, on

symptoms where the stress is greatest. So we repair or ameliorate the symptoms. But such efforts only make matters worse in the long run.

Systems thinking means organizing complexity into a coherent story that illuminates the cause of problems and how they can be remedied in enduring ways. The increasing complexity of today's world leads many managers to assume that they lack the information they need to act effectively.

The fundamental "information problem" faced by managers is not too little information but too much information. What we most need are ways to know what is important and what is not important, what variables to focus on and which to pay less attention to. This will generate leverage.

Personal Mastery

Organizations learn only if individual employees who learn. Individual learning is a necessary, through not sufficient condition for organizational learning. We must make personal mastery a part of our lives. This involves continually clarifying what is important to us. We often spend too much time coping with problems along our path that we only have a vague idea of what's really important to us. We also need to see current reality more clearly. We've all known people entangled in counterproductive relationships, who remain stuck because they keep pretending everything is all right. In moving toward a desired destination, it is vital to know where we are now.

The juxtaposition of vision and a clear picture of current reality generates "creative tension". The essence of personal mastery is learning how to generate and sustain creative tension in our lives.

The gap between vision and current reality is a source of creative energy. If there is no gap, there would be no need for any action to move toward the vision. But when there is a gap between the goals and the current reality, negative emotion may also arise. We may lower our goals when we are unwilling to live with emotional tension. On the other hand, when we understand creative tension and allow it to operate by not lowering our vision, vision becomes an active force. Truly creative people use the gap between vision and current reality to generate energy for change.

Mastery of creative tension leads to a fundamental shift in our whole posture toward reality. Current reality becomes our ally not an enemy. An accurate, insightful view of current reality is as important as a clear vision. If the first choice in pursuing personal mastery is to be true to our own vision, the second fundamental choice in support of personal mastery is commitment to the truth.

What limits our ability to create what we really want is belief in our powerlessness and unworthiness. People cope with these problems in different ways. Letting our vision erode is one such strategy. The second is to try to manipulate ourselves into greater effort toward what we want by creating artificial conflict, such as through avoiding what we do not want.

Some people psyche themselves up to overpower all forms of resistance to achieving their goals. Willpower is so common among highly successful people that many see its characteristics as synonymous with success: a maniacal focus on goals, willingness to "pay the price," ability to defeat any opposition and surmount any obstacle.

Being committed to the truth is far more powerful than any technique. It means a relentless willingness to root out the ways we limit or deceive ourselves from seeing what is, and to continually challenge our theories or why things are the way they are. It means continually broadening our awareness.

Focusing on the desired intrinsic result is a skill. For most of us, it is not easy at first, and takes time and patience to develop. As soon as we think of some important personal goal, almost immediately we think of all the reasons why it will be hard to achieve – the challenges we will face and the obstacles we will have to overcome. While this is very helpful for thinking through alternative strategies for achieving our goals, it is also a sign of lack of discipline when thoughts about "the process" of achieving our vision continually crowd out our focus on the outcomes we seek. We must work at learning how to separate what we truly want, from what we think we need to do in order to achieve it.

A useful starting exercise for learning how to focus more clearly on desired results is to take any particular goal or aspect of our vision. If we ask ourselves the question "If I actually had this, what would it get me?" the answer to that question reveals "deeper" desires lying behind the goal. In fact, the goal is actually an interim step to reach a more important result.

Ultimately, what matters most in developing the subconscious rapport characteristic of masters is the genuine caring for a desired outcome, the deep feeling that it is the "right" goal. The subconscious seems especially receptive to goals in line with our deeper aspirations and values.

People with high levels of personal mastery do not set out to integrate reason and intuition. Rather, they achieve it naturally – as a by-product of their commitment to use all the resources at their disposal. They cannot afford to choose between reason and intuition, or head and heart.

The discipline of seeing interrelationships gradually undermines older attitudes of blame and guilt. We begin to see that all of us are trapped in structures embedded both in our ways of thinking and in the interpersonal and social milieus in which we live. Our knee-jerk tendency to find fault with one another gradually fades, leaving a much deeper appreciation of the forces under which we all operate.

Mental Models

New insights fail to get put into practice because they conflict with deeply held internal images of how the world works. That is why the discipline of managing mental models – surfacing, testing, and improving our internal pictures of how the world works holds the key to building learning organizations.

The problems with mental models arise not because they are right or wrong but because we often act without being aware of them. The healthy corporations are ones which can systematize ways to bring people together to develop the best possible mental models for facing any situation at hand.

Learning skills fall into two broad classes: skills of reflection and skills of inquiry. Skills of reflection concern slowing down our own thinking processes so that we can become more aware of how we form our mental models and the ways they influence our actions. Inquiry skills are concerned with how we operate in face-to-face interactions with

others, especially in dealing with complex issues. People who become lifelong learners practice "reflection in action," the ability to reflect on one's thinking while acting.

Our mind tends to move at lightning speed. We immediately "leap" to generalizations so quickly that we never think of testing them. Our rational minds are extraordinarily facile at "abstracting" from concrete particulars – substituting simple concepts for many details and then reasoning in terms of these concepts. But our very strengths in abstract conceptual reasoning also limit our learning, when we are unaware of our leaps from particulars to general concepts.

Leaps of abstraction occur when we move from direct observations (concrete "data") to generalization without testing. Leaps of abstraction impede learning because they become axiomatic. What was once an assumption becomes treated as a fact.

To spot leaps of abstraction, we need to keep asking what we believe about the way the world works – the nature of business, people in general, and specific individuals. We need to ask "What is the 'data' on which this generalization is based?" We need to ask, "Am I willing to consider that this generalization may be inaccurate or misleading?

This is a powerful technique for beginning to "see" how our mental models operate in particular situations. It reveals ways that we manipulate situations to avoid dealing with how we actually think and feel, and thereby prevent a counterproductive situation from improving.

Most managers are trained to be advocates. In fact, in many companies, what it means to be a competent manager is to figure out

what needs to be done, and enlist whatever support is needed to get it done. Individuals became successful in part because of their abilities to debate forcefully and influence others. Inquiry skills, meanwhile, go unrecognized and unrewarded. But as managers rise to senior positions, they confront more complex and diverse issues. Suddenly, they need to tap insights from other people. They need to learn. Now the manager's advocacy skills become counterproductive. What is needed is blending advocacy and inquiry to promote collaborative learning.

When operating in pure advocacy, the goal is to win the argument. When inquiry and advocacy are combined, the goal is no longer "to win the argument" but to find the best argument. When we operate in pure advocacy, we tend to use data selectively, presenting only the data that confirm our position. When we explain the reasoning behind our position, we expose only enough of our reasoning to "make our case," avoiding areas where we feel our case might be weak. By contrast, when both advocacy and inquiry are high, we are open to disconfirming data as well as confirming data – because we are genuinely interested in finding flaws in our view. Likewise, we expose our reasoning and look for flaws in it, and we try to understand others' reasoning.

Learning eventually results in changes in action, not just taking in new information and forming new "ideas." That is why recognizing the gap between our espoused theories (what we say) and our "theories-in-use" (the theories that lay behind our actions) is vital. Otherwise, we may believe we've "learned" something just because we've got the new language or concepts to use, even though our behavior is completely unchanged.

Systems thinking is equally important to working with mental models effectively. Most of our mental models are systematically flawed. They miss critical feedback relationships, misjudge time delays, and often focus on variables that are visible or salient, not necessarily high leverage. Understanding these flaws can help to see where prevailing mental models will be weakest and where more than just "surfing" the mental models will be required for effective decisions. Ultimately, the payoff from integrating systems thinking and mental models will be not only improving our mental models but altering our ways of thinking. This will result in shifting from mental models dominated by events to mental models that recognize longer-term patterns of change and the underlying structures producing those patterns.

Shared vision

Shared vision is vital for the learning organization because it provides the focus and energy for learning. While adaptive learning is possible without vision, generative learning, occurs only when people are striving to accomplish something that matters deeply to them. In fact, the whole idea of generative learning will seem abstract and meaningless until people become excited about some vision they truly want to accomplish.

Vision creates the spark, the excitement that lifts an organization out of the mundane. Shared vision fosters risk taking and experimentation. People know what needs to be done. Even if they don't know how to do it, they keep experimenting till they succeed. But even when they experiment, there is no ambiguity at all. It's perfectly clear why they are doing it.

Organizations intent on building shared visions continually encourage members to develop their personal visions. They want people to have

their own vision, not to "sign up" for someone else's. That leads to compliance, not commitment. On the other hand, people with a strong sense of personal direction can join together to move toward what they truly want.

Personal mastery is the bedrock for developing a shared vision. This means not only personal vision, but commitment to the truth and creative tension – the hallmarks of personal mastery.

The origin of the vision is much less important than the process whereby it comes to be shared. It is not truly a "shared vision" until it connects with the personal visions of people throughout the organization.

In many organizations, most people are in states of formal or genuine compliance with the organization's goals and ground rules. They go along with "the program," sincerely trying to contribute. On the other hand, people in non-compliance or grudging compliance usually stand out. They are opposed to the goals or ground rules and let their opposition be known, either through inaction or through grudging obedience. An organization made up of genuinely compliant people will be very productive and cost effective.

Yet, there is a world of difference between compliance and commitment. The committed person brings an energy, passion, and excitement that cannot be generated if he is only compliant. The committed person does not play by the "rules of the game." He is responsible for the game. If the rules of the game stand in the way of achieving the vision, he will find ways to change the rules. A group of people truly committed to a common vision is an awesome force. They can accomplish the seemingly impossible.

Building shared vision is actually only one piece of a larger activity: developing the "governing ideas" for the enterprise, its vision, purpose or mission, and core values. These governing ideas answer three critical questions: "What?" "Why?" and "How?"

- Vision is the "What?" – the picture of the future we seek to create.
- Purpose (or "mission") is the "Why?" the organization's answer to the question, "Why do we exist?"
- Core values answer the question "How do we want to act? A company's values describe how the company wants life to be on a day-to-day basis, while pursuing the vision.

There are two fundamental sources of energy that can motivate organizations: fear and aspiration. Fear can produce extraordinary changes for short periods, but aspiration is a continuing source of learning and growth.

Vision spreads because of a reinforcing process of increasing clarity, enthusiasm, communication and commitment. As people talk, the vision grows clearer, enthusiasm for its benefit builds and the vision starts to spread in a reinforcing spiral of communication and excitement. Enthusiasm can also be reinforced by early successes in pursuing the vision.

If the reinforcing process operates unfettered, it leads to continuing growth in clarity and shared commitment toward the vision, among increasing numbers of people. But any of a variety of limiting factors can come into play to slow down this virtuous cycle.

The visioning process can wither if, as more people get involved, the diversity of views dissipates focus and generates unmanageable conflicts. People see different ideal futures. Must those who do not

agree immediately with the emerging shared vision change their views? Do they conclude that the vision is "set in stone" and no longer influenceable? Do they feel that their own visions even matter? If the answer to any of these questions is "yes," the enrolling process can grind to a halt with a wave of increasing polarization.

This is a classic "limits to growth" structure, where the reinforcing process of growing enthusiasm for the vision interacts with a "balancing process" that limits the spread of the vision, due to increasing diversity and polarization.

In limits to growth structures, leverage usually lies in understanding the "limiting factor," the implicit goal or norm that drives the balancing feedback process. In this case, that limiting factor is the ability (or inability) to inquire into diverse visions in such a way those deeper, common visions emerge.

The visioning process is a special type of inquiry process. It is an inquiry into the future we truly seek to create. If it becomes a pure advocacy process, it will result in compliance, at best, not commitment. Approaching visioning as an inquiry process does not mean that we have to give up our views. On the contrary, visions need strong advocates. But advocates who can also inquire into others' visions open the possibility for the vision to evolve, to become "larger" than our individual visions.

Visions can die because people become discouraged by the apparent difficulty in converting them into reality. As clarity about the nature of the vision increases, so does the awareness of the gap between the vision and current reality. People become disheartened, uncertain, or even cynical, leading to a decline in enthusiasm.

In this structure, the limiting factor is the capacity of people in the organization to "hold" creative tension, the central principle of personal mastery. This is why personal mastery is the "bedrock" for developing shared vision – organizations that do not encourage personal mastery find it very difficult to foster sustained commitment to a lofty vision.

Emerging visions can also die because people get overwhelmed by the demands of current reality and lose their focus on the vision. The limiting factor becomes the time and energy to focus on a vision.

In this case, the leverage must lie in either in finding ways to focus less time and effort on fighting crises and managing current reality, or to break off those pursing the new vision from those responsible for handling "current reality."

A vision can die if people forget their connection to one another. This is one of the reasons that approaching visioning as a joint inquiry is so important. The spirit of connection is fragile. It is undermined whenever we lose our respect for one another and for each other's views. We then split into insiders and outsiders – those who are "true believers" in the vision and those who are not.

The limiting factor when people begin proselytizing and lose their sense of relationship can be time or skills. If there is great urgency to "sign up" for the new vision, people may just not perceive that there is time to really talk and listen to one another. This will be especially likely if people are also unskilled in how to have such a conversation, how to share their vision in such a way that they are not proselytizing, but are encouraging others to reflect on their own visions.

Vision paints the picture of what we want to create. Systems thinking reveals how we have created what we currently have.

Team learning

Team learning is the process of aligning and developing the capacity of a team to create the results its members truly desire. It builds on the discipline of developing a shared vision. It also builds on personal mastery, for talented teams are made up of talented individuals.

Individual learning, at some level, is irrelevant for organizational learning. Teams exist to tap the potential for many minds to be more intelligent than one mind. But there are powerful forces at work in organizations that tend to make the intelligence of the team less than, not greater than, the intelligence of individual team members. Many of these forces are within the direct control of the team members. Outstanding teams develop "operational trust," where each team member remains conscious of other team members and can be counted on to act in ways that complement each other's actions.

The discipline of team learning involves mastering the practices of dialogue and discussion. In dialogue, there is the free and creative exploration of complex and subtle issues, a deep "listening" to one another and suspension of one's own views. In discussion, different views are presented and defended. There is a search for the best view to support decisions that must be made at this time. Dialogue and discussion are potentially complementary, but most teams lack the ability to distinguish between the two and tend to move consciously between them.

Team learning also involves learning how to deal creatively with the powerful forces opposing productive dialogue and discussion in working teams. Chief among these are "defensive routines," habitual ways of interacting that protect others and us from threat or embarrassment, but which also prevent us from learning.

In dialogue, a group explores complex difficult issues from many points of view. Individuals communicate their assumptions freely. The result is a free exploration that brings to the surface the full depth of people's experience and thought, and yet can move beyond their individual views.

"The purpose of dialogue," "is to reveal the incoherence in our thought." There are three types of incoherence. "Thought denies that it is participative." Thought stops tracking reality and "just goes, like a program." And thought establishes its own standard of reference for fixing problems, which it contributed to creating in the first place.

In dialogue, people become observers of their own thinking. Through dialogue, people can help each other to become aware of the incoherence in each other's thoughts. In this way, the collective thought becomes more and more coherent.

The difference between great teams and mediocre teams lies in how they face conflict and deal with the defensiveness that invariably surrounds conflict. Defensive routines form a sort of protective shell around our deepest assumptions. These routines defend us against pain, but also keep us from learning about the causes of the pain. The source of defensive routines, is not belief in our views or desire to preserve social relations, as we might tell ourselves, but fear of exposing the thinking that lies behind our views. The more effective defensive

routines are, the more effectively they cover up underlying problems, the less effectively these problems are faced, and the worse the problems tend to become.

By inquiring effectively into the causes of the problems at hand – that is, by inquiring in such a way as to reveal your own assumptions and reasoning, make them open to influence, and encourage others to do likewise – defensive routines are less likely to come into play. What is required, not surprisingly, is a vision of what we really want, both in terms of business results and how we want to work together, and a ruthless commitment to telling the truth about our "current reality." In this sense, team learning and building a shared vision are sister disciplines that go together to build "creative tension" in a team.

It is not the absence of defensiveness that characterizes learning teams but the way defensiveness is faced. A team committed to learning must be committed not only to telling the truth about what's going on "out there," in their business reality, but also about what's going on "in here," within the team itself. To see reality more clearly, we must also see our strategies for obscuring reality.

This situation is unlikely to improve until teams share a new language for describing complexity. Financial accounting, can deal with detail complexity not dynamic complexity. It offers "snapshots" of the financial conditions of a business, but it does not describe how those conditions were created. Tools and frameworks such as competitive analysis, "Total Quality," and scenario methods deal with dynamic complexity but not very well.

When the systems archetypes are used in conversations about complex and potentially conflictual management issues, reliably, they

"objectify" the conversation. The conversation becomes about "the structure," the systemic forces at play, not about personalities and leadership styles. Difficult questions can be raised in a way that does not carry innuendos of management incompetence or implied criticism. Rather, people are asking, "Is the burden shifting to selling to current customers versus broadening our customer base?" "How would we know if it was?" This, of course, is precisely the benefit of a language for complexity. It makes it easier to discuss complex issues objectively and dispassionately.

Openness

As Senge puts it, a "political environment" is one in which "who" is more important than "what." If the boss proposes an idea, the idea gets taken seriously. If someone else proposes a new idea, it is ignored. There are always "winners" and "losers," people who are building their power and people who are losing power. Power is concentrated and it is wielded arbitrarily. One person can determine another's fate, and there is no recourse to that determination. The wielding of arbitrary power over others is the essence of authoritarianism. So, in that sense, a political environment is an authoritarian environment, even if those possessing the power are not in the official position of authority.

If people are motivated only by self-interest, then an organization automatically develops a highly political style, with the result that people must continually look out for their self-interest in order to survive.

There are two different aspects of openness – participative and reflective. Unless the two are integrated, the behavior of "being open" will not produce real openness.

Participative openness, the freedom to speak one's mind, is the most commonly recognized aspect of openness. The philosophy of "participative management," involving people more in decision making, is widely espoused. Participative openness may lead to more "buy-in" on certain decisions, but by itself it will rarely lead to better quality decisions because it does not influence the thinking behind people's positions. In terms of personal mastery, it focuses purely on the "means" or process of interacting, not on the "results" of that interaction.

"Reflective openness" leads to people looking inward. It starts with the willingness to challenge our own thinking, to recognize that any certainty we ever have is, at best, a hypothesis about the world. No matter how compelling it may be, no matter how fond we are of "our idea," it is always subject to test and improvement. Reflective openness lies in the attitude, "I may be wrong and the other person may be right." It involves not just examining our own ideas, but examining each other's thinking.

Local needs

Helplessness, the belief that we cannot influence the circumstances under which we live, undermines the incentive to learn. So does the belief that someone somewhere else dictates our actions. Conversely, if we now our fate is in our own hands, we will keep learning.

Learning organizations are typically "localized" organizations, extending the maximum degree of authority and power as far from the "top" or corporate center as possible. Localness means moving decisions down the organizational hierarchy; designing business units where, to the greatest degree possible, local decision makers confront the full range of issues and dilemmas intrinsic in growing and sustaining

any business enterprise. Localness means unleashing people's commitment by giving them the freedom to act, to try out their own ideas and be responsible for producing results.

To be effective, localness must encourage risk taking among local managers. But to encourage risk taking is to practice forgiveness. Real forgiveness includes "forgive" and "forget." Sometimes, organizations will "forgive" in the sense of not firing someone if he makes a mistake, but the screw up will always be hanging over the offender's head. Real forgiveness includes "reconciliation," mending the relationships that may have been hurt by the mistake.

While traditional organizations require management systems that control people's behavior, learning organizations invest in improving the quality of thinking, the capacity for reflection and team learning, and the ability to develop a shared vision and a shared understanding of complex business issues. It is these capabilities that will allow learning organizations to be both more locally controlled and better coordinated than their hierarchical predecessors.

Designing the organization's learning processes is a unique role which cannot be delegated. It cannot be done by local managers because local managers are too involved in running their businesses. Local managers do not have the perspective to see the major, long-term issues and forces that will shape how the business evolves.

Work life balance

The learning organization must support personal mastery in all aspects of life. It cannot foster a shared vision without calling forth personal vision. Personal vision is always multifaceted. It always includes deeply felt desires for personal, professional, organizational, and family lives.

The artificial boundary between work and family is anathema to systems thinking. There is a natural connection between a person's work life and all other aspects of life. We like only one life, but for a long time our organizations have operated as if this simple fact could be ignored, as if we had two separate lives.

Ironically, conflicts between work and family may be one of the primary ways through which traditional organizations limit their effectiveness and ability to learn. By fostering such conflicts, they distract and unempower their members often to a far greater degree than they realize. Moreover, they fail to exploit a potential synergy that can exist between learning organizations, learning individuals, and learning families.

In the past, personal interests of employees were their own concern. The corporation wanted only "an honest day's work for an honest day's pay." In the learning organization, the boundaries between what is personal and what is organizational are intentionally blurred. The organization must support the full development of each employee.

The conflict between work and home is not just a conflict over time, but over values. All the habits that an executive learns in an authoritarian organization are exactly the habits, that make them unsuccessful parents. An executive cannot build up a child's self-esteem at home if he is accustomed to tearing down other people's self-esteem at the office. The values and habits learned by practicing the five disciplines of a learning organization serve to nurture the family as well as the business. Not only is being a good parent a training ground for being a learning manager, but being a learning manager is also good preparation for parenting. The conflict between work and home diminishes dramatically when the organization fosters values in

alignment with people's own core values that have equal meaning at work and at home.

Microworlds

Human beings learn best through first hand experience. Microworlds enable managers and management teams to begin "learning through doing" about their most important systemic issues. In particular, microworlds "compress time and space" so that it becomes possible to experiment and to learn when the consequences of our decisions are in the future and in distant parts of the organization.

Lying behind all strategies are assumptions, which often remain implicit and untested. Frequently, these assumptions have internal contradictions. When they do, the strategy also has internal contradictions, which make it difficult or impossible to implement. One benefit of microworlds is bringing these assumptions into the open and discovering these inconsistencies.

Some of the most important microworlds help teams mired in conflicting views of complex issues. Here, microworlds can be crucial in bringing to the surface different assumptions and discovering how they can be interrelated in a large undertaking. Often, our linear language and defensive ways of presenting our thinking lead to perceiving false dichotomies and irreconcilable differences. Sometimes, the microworld allows us to "see the elephant" for the first time.

The unique power of microworlds lies in surfacing hidden assumptions, especially those lying behind key policies and strategies, discovering their inconsistency and incompleteness, and developing new, more systematic hypotheses for improving the real system.

In microworlds, the pace of action can be slowed down or speeded up. Phenomena that stretch out over many years can be compressed to see more clearly the long-term consequences of decisions. The interactions among members of the team can also be slowed down, so that they can see subtle ways in which they shut down inquiry or discourage testing of different views.

In microworlds, managers can learn about the consequences of actions that occur in distant parts of the system from where actions are taken. A microworld is a controlled environment, in which experiments can ask "What if? Questions about outside factors. Microworlds also let us bring in potential outside factors that have not yet taken place in reality – for example. Microworlds let teams experiment with new policies, strategies, and learning skills. Actions that cannot be reversed in real business can be redone countless times in the microworld.

Microworld experiments reveal just how non-reflective most managers are. Despite the ready access to information and controlled experimentation in the computer environment, managers tend to jump from one strategy to another without ever stating clearly their assumptions and without ever analyzing why strategies produce disappointing results.

The business practices of most firms are firmly "anchored" to standard industry practices. By contrast, systems thinking and microworlds offer a new way of assessing policy and strategy. They lead to "theories" of critical business dynamics which can then clarify the implications of alternative policies and strategies.

In the learning organization of the future, microworlds will be as common as business meetings are in today's organizations. And, just as

business meetings reinforce today's focus on coping with present reality, microworlds will reinforce a focus on creating alternative future realities.

The leader's new work

Learning organizations demand a new view of leadership. The traditional view of leadership is based on assumptions of people's powerlessness, their lack of personal vision and inability to master the forces of change, deficits which can be remedied only by a few great leaders.

The new view of leadership in learning organizations centers on subtler and more important tasks. In a learning organization, leaders are designers, stewards, and teachers. They are responsible for building organizations where people expand their capability to understand complexity, clarify vision, and improve shared mental models – that is, they are responsible for learning.

The neglected leadership role is the designer. Little credit goes to the designer. The functions of design are rarely visible. They take place behind the scenes. The consequences that appear today are the result of work done in the past, and work today will show its benefits far in the future. Those who aspire to lead out of a desire to control, or gain fame, or simply to be "at the center of the action" will find little to attract them to the quiet design work of leadership.

Design is, by its nature, an integrative science. The essence of design is seeing how the parts fit together to perform as a whole. The crucial design work for leaders of learning organizations is also about integration - integrating vision, values, and purpose, systems thinking, and mental models – or more broadly, integrating all the learning

disciplines. It is the synergy of the disciplines that can propel an organization to major breakthroughs in learning.

In essence, the task of the leader is designing the learning processes whereby people throughout the organization can deal effectively with the critical issues they face and develop their mastery in the learning disciplines.

The leader's creative tension is not anxiety. A leader's story, sense of purpose, values and vision establish the direction and target. His relentless commitment to the truth and inquiry into the forces underlying current reality continually highlight the gaps between reality and the vision. Leaders generate and manage this creative tension not just in themselves but in an entire organization. This is how they energize an organization. That is their basic job. That is why they exist.

REFERENCE:

1. www.vedpuriswar.org

SESSION 10
Seven habits of Highly Effective People

Learning Objective:

The main objectives of the session is

- To Understand the counter productive habits and to stay focused on what matters most
- To develop stronger, more fulfilling relationships
- To discover balance and greater satisfaction–in all aspects of life
- To create a healthy, cohesive work environment built for high performance

Duration:

1:30 hours

Methods:

Group Discussions and Exercises

Minimum Learning:

Participants will:

• Improve results at the personal and professional level

• Develop more meaningful relationships, increasing the ability to work both with and

　through others

• Increase effectiveness and productivity by focusing on the things most important to

　the organization

• Achieve a healthy work/life balance

Reading Material

Chapter-7
Seven Habits of Highly effective people

The session is focused on principles of effectiveness as an approach rather than a set of behaviours divided into four sections.

1. Principles as the basic foundation for the creation of habits.

2. Private Victory involving the first three habits which help an individual to be independent and self-reliant. These habits help in creating a sense of personal satisfaction. The three habits are

- Being Proactive
- Begin with the End In Mind
- Put First Things First (prioritize)

3. Public Victory: habits four through six lead to interdependence, the ability to align one's needs and desires with those of other people and create effective relationships.

- Think Win/Win
- Seek First to Understand, Then to be Understood
- Synergize

4. And the final habit Sharpen the saw focuses on the process of self-improvement.

In order to achieve effectiveness, it is important that each habit be inculcated before looking to the next habit. It is a step by step process.
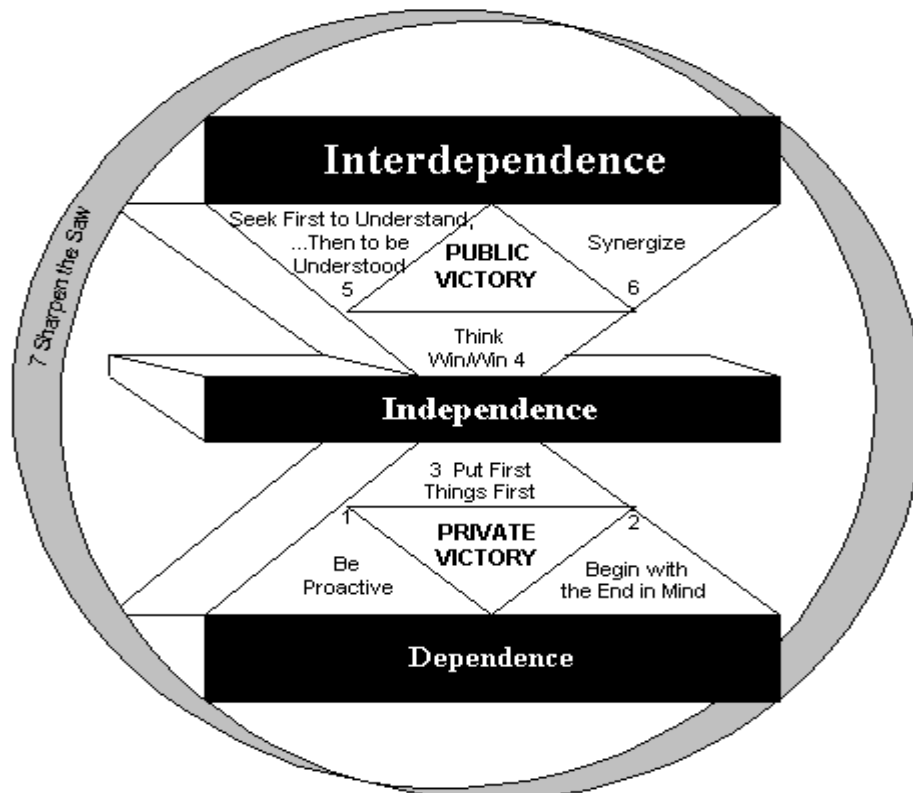
Figure 9- 7 habits of Highly Effective People

A (good) habit can be defined as the intersection of knowledge, skill and desire. Change is a cycle of being and seeing (visualization).

Our objective is to move progressively on a maturity continuum from dependence to independence to interdependence. Although independence is the current paradigm of our society, we can accomplish much more by cooperation and specialization.

However, we must achieve independence before we can choose interdependence.

Effectiveness lies in balancing our Production (P) with building Production Capacity (PC). Organizationally, the PC principle is to *always treat your employees as you want them to treat your best customers*. We must understand that *the best contributions of our employees - their hearts and minds - are as volunteers,* **because they want to**.

This process of growth will be evolutionary, but the net effect will be revolutionary.

" We are what we repeatedly do.

Excellence, then,

is not an act, but a habit "

Aristotle

To be effective, one must find the proper balance between actually producing and improving one's capability to produce. Following example illustrates this point

Production and Production Capability

The Tale of the Golden Goose: There was once a farmer who bought a golden goose. A week later the golden goose laid a golden egg! The farmer was ecstatic! He cashed the golden egg and had a wild time. The following week he finds that the golden goose laid another golden egg! Again he cashes it in and spends the money. This happens week after week until one week the farmer just can't wait till the end of the week to get the golden egg so he kills his golden goose and takes the golden egg out of it. He has another wild time with the money. But the next week he realizes that there is no golden egg, for he has killed his golden goose. The moral of the story is to never kill your golden goose. *Production* is taking the golden egg every week. *Production Capability* is taking care of your golden goose. Covey suggests that we should strike a balance between production and production capability. Just like the farmer, someone who smokes and drinks constantly without exercising is getting too much production out of his body without storing any production capability. Yet someone who jogs 5 hours a day

is not producing enough and is storing too much production capability (how long does he want to live anyway?).

Production is getting something to work now (demanding that your son clean his room). Production Capability is making sure something will work in the future (building up an adult-adult relationship with your son so that he is the kind of person who wants to keep his room clean). We should keep these in balance

The need for balance between production and production capability applies to physical, financial, and human assets. For example, in an organization the person in charge of a particular machine may increase the machine's immediate production by postponing scheduled maintenance. As a result of the increased output, this person may be rewarded with a promotion. However, the increased immediate output comes at the expense of future production since more maintenance will have to be performed on the machine later. The person who inherits the mess may even be blamed for the inevitable downtime and high maintenance expense.

Customer loyalty also is an asset to which the production and production capability balance applies. A restaurant may have a reputation for serving great food, but the owner may decide to cut costs and lower the quality of the food. Immediately, profits will soar, but soon the restaurant's reputation will be tarnished, the customer's trust will be lost, and profits will decline.

This does not mean that only production capacity is important. If one builds capacity but never uses it, there will be no production. There is a balance between building production capacity and actually producing. Finding the right trade-off is central to one's effectiveness.

Your organization can be effective by:

a. Habit 1: Be Proactive
- Take initiative
- Manage change
- Respond proactively
- Keep commitments
- Take responsibility and have accountability
- Have a positive influence on results

b. Habit 2: Begin with the End in Mind
- Define vision and values
- Create a mission statement
- Set measurable team and personal goals
- Start projects successfully
- Align goals to priorities
- Focus on desired outcomes

c. Habit 3: Put First Things First
- Execute strategy
- Apply effective delegation skills
- Focus on important activities
- Apply effective planning and prioritization skills
- Balance key priorities
- Eliminate low priorities and time wasters
- Use planning tools effectively
- Use effective time-management skills

The Time Management Matrix

	Urgent	**Not Urgent**
Important	*QUADRANT I* crises, pressing problems, deadline-driven projects	*QUADRANT II* prevention, PC activities, relationship building, recognizing new opportunities, planning, recreation
Not important	*QUADRANT III* interruptions, some calls, some mail, some reports, some meetings, popular activities	*QUADRANT IV* trivia, busy work, some mail, some phone calls time wasters, pleasant activities

Every activity we do during the day can be put in one of four quadrants:
1. urgent and important
2. not urgent and important
3. urgent and not important
4. not urgent and not important

i. Quadrant II

Answer this question: What one thing could you do in your personal and professional life that, if you did on a regular basis, would make a tremendous positive difference in your life? Chances are whatever your name, it is a Quadrant II activity.

Effective, proactive people spend most of their time in Quadrant II.

ii. What It Takes to Say "No"

To be effective, you need to stay out of Quadrants III and IV. To do this, you need to tell yourself and other people "no" to activities which lie in these areas. Suggest Quadrant II activities instead.

iii. Weekly Organizing

Plan your week instead of your day. Each Sunday, look at your roles and goals from your mission statement, and assign activities throughout your week which fulfil these roles and goals.

a. Habit 4: Think Win-Win

- Build high-trust relationships
- Build effective teams
- Apply successful negotiation skills
- Use effective collaboration
- Build productive business relationships

b. Habit 5: Seek First to Understand, Then to Be Understood

- Apply effective interpersonal communication
- Overcome communication pitfalls
- Apply effective listening skills
- Understand others
- Reach mutual understanding
- Communicate viewpoints effectively
- Apply productive input and feedback
- Apply effective persuasion techniques

c. Habit 6: Synergize

- Leveraging diversity
- Apply effective problem solving
- Apply collaborative decision making
- Value differences

- Build on divergent strengths
- Leverage creative collaboration
- Embrace and leverage innovation

d. Habit 7: Sharpen the Saw

- Achieve life balance
- Apply continuous improvement
- Seek continuous learning