



Strategy engagement

Simple awareness of strategy is not enough to influence employee behaviour – ‘strategy engagement’ is required for people to come together and advance the interests of the business. *Daniel Wolf* outlines a model of strategy engagement to help organisations support business performance and growth.

Most organisations have concerns about the connection between their business strategy and the behaviour of employees. This is true in larger companies, such as GE and Toyota, as well as in smaller and middle-market companies. In general, the term we use to address this issue is ‘strategy engagement’. Awareness of strategy and company vision is not enough to stir commitment, energy, respect and collaboration. Engagement in strategy is a huge step beyond mere awareness and understanding of mission and objectives. It reflects enthusiasm, discretionary effort, respect and accountability for business results. Engagement is a big part of making strategy happen.

From a body of work that spans strategy research, organisational development and business measures, a set of eight themes which define and constitute strategy engagement have been outlined. These themes help organisations frame more relevant, purposeful and meaningful strategic platforms in support of business growth, performance and change. They inform company culture and influence how organisations go about the everyday work of decision making, problem solving and forward planning.

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Strategy problems are also people problems; this is a very practical, but often dismissed, observation. As we explore issues in strategy engagement, several points will serve as guideposts for the discussion. First, most companies operate in relatively dynamic and uncertain settings, which require an adaptive strategy and the ability to pursue a more evolutionary, discovery-driven strategic agenda. Second, as companies become more connected

and networked in both organic development and open business models, people at every level of the organisation must have broader responsibilities for strategic thought and behaviour. These points invite a more prospective approach to strategy communication, and a more complete platform for strategy engagement.

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While the term ‘engagement’ is applied to a wide range of subject matter, social processes and system problems, the idea of strategy engagement means simply this: the manner in which people come together to advance the business interests of the company with talent and behaviour that drive results. In essence, strategy engagement powers growth, performance and change. Without broader engagement in the strategic agenda, results will suffer.

The organisation’s strategic agenda

We define the company’s strategic agenda as an evolutionary platform that guides business growth, performance and change. This includes three main content areas (strategy direction, integration and execution) and reflects two main context areas (business environment and the natural goals of business).

The context provided by the company’s assessment of the business environment usually reflects conditions, trends and dynamics that shape both external and internal challenges. Companies face a range of technical, social, market and economic challenges that influence the way

in which they look at threats and opportunities. People who are fully engaged in the issues of the business environment are likely to be more insightful and foresightful about the company’s real prospects for profitable, capital-efficient growth, and the appropriate avenues for business change and adaptation.

Figure 1: Strategy management and leadership framework



Source: Wolf, D. (2007) *Prepared and Resolved – The Strategic Agenda for Growth, Performance and Change*, dsb Publishing.

The other key aspect of strategy context is derived from the natural goals of business, and is defined in terms of economic performance, customer connection, competitive advantage and corporate stewardship. The company’s natural goals reflect corporate vision and mission, of course, as well as its business development intentions, short and long term. These natural goals help frame expectations, culture, behaviour and achievement. They serve as a reference point for people at every level of the organisation, as well as those on its boundaries, and can migrate across into open business models.

The content areas of the strategic agenda can be defined in terms of strategy direction, integration and execution. Each of these content areas has a specific management and leadership role in the company’s strategic agenda: strategy direction involves business focus and strategic choices; strategy integration involves the resources, systems and processes that enable development and business operations, and also brings together the disparate wedges of knack and experience that enable innovative problem solving, decision making and forward planning; and strategy execution connects the dots between action and business impact.

This general approach to strategy leadership and management is more iterative, dynamic and balanced than old-school strategic planning. It reflects the evolutionary models of the late 1980s and early 1990s in the sense that companies need more adaptive and extended platforms for strategy (termed ‘dual strategies’ by Derek Abell, while Henry Mintzberg and others have adopted more emergent themes in strategic thought and behaviour). In a sense, most practitioners have found a balanced route to the strategic agenda that puts serious thought into the relationships that exist among strategy direction, integration and execution. These areas flow with each other, but not always in a linear, sequential manner. In fact, disruptive innovation and competitive manoeuvres often feed off the predictable patterns of linear and sequential strategic plans.

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The level of engagement in the company’s strategic agenda becomes more and more important on three fronts. First, organisations need more insight about their current business situation and planning. Second, they need more foresight about the unfolding challenges and opportunities that shape the business road ahead. Finally, they need a framework for intentional leadership and management that supports a culture of strategic conversation and engagement. These aspects of engagement are germane at every level of the organisation, and this becomes the ultimate challenge – to get everyone connected to the strategic agenda.

Engaging stakeholders

Who are the people that have a stake in the company’s strategic agenda, and what does engagement mean to them? An emerging view of business stakeholders is one that includes four groups. Each of these stakeholder groups represents direct and indirect interests in the strategic agenda of the company and how it is run; these are the people who play passive or active roles in strategy and results:

- **Employees** surely have a stake because they are part of the enterprise and their work efforts are part of the engine that drives business growth, performance and change. Many employees have a vested interest in the long-term success of the company. Some, however, have a vested interest in the company’s short-term success, as is often the case in transformation and turnaround efforts. Employees, managers and

employers may be either in sync or at odds about the company's strategic agenda.

- **Investors** are key stakeholders as they provide capital as well as counsel on the company's strategic agenda. In public and private companies, investors may be either passive or active, but they are almost always a force in gauging the company's strategic agenda, the calibre of its strategic thought and behaviour, and especially its performance against business plans and challenges in technical, market and operating areas.
- **Customers** are important stakeholders, and their engagement in the business may range from simple involvement in the demand chain to more complex participation in the company's market practices. For companies that partner with their customers through co-discovery and improvement programmes, there can be valuable collaborative interaction. Customers can serve as advocates or adversaries. They are engaged in different ways.
- **Suppliers** are stakeholders in the strategic agenda because they are part of the company's value chain. In some companies, the relevance of strategic suppliers is obvious. In others, supplier engagement may appear less important. As organisations extend and adapt their business models across the globe, and as their product and service solutions become more integrated, supplier engagement in the company's strategic agenda will evolve to become more direct and transparent in nature.

These four stakeholder groups represent the business interests of the company, directly and indirectly. Their energy and intentions are part of the context in which organisations function. The cultural and subcultural aspects that are influenced by these stakeholder groups can shape the strategic thought and behaviour of the organisation as a whole. These are complex groups of people, interests and themes that can make or break the strategic agenda with their engagement practices.

More relevance

When people sense the strategic and economic relevance of business issues and plans, they are more likely to contribute their best efforts. When more people bring their efforts to the game, the cause-and-effect practices of business strategy will be more productive in terms of growth, performance and change. Sometimes, the company's mission and vision convey this kind of purpose, and sometimes, people have a piece of the pie in terms of rewards for outcomes. In any case, relevance is a reflection on strategic engagement because it advances purpose and meaning.

When strategic thought and behaviour are spread throughout the company, people become more broadly engaged. Their interactions help to shape:

- strategic ideas as they spread across the organisation, and perhaps into open business model networks
- subcultures and resources as people integrate the company's technical, operating and marketing systems
- problem solving and decision making as people bring together their combined analytical and creative capabilities
- forward planning and corporate entrepreneurship (with reference to the emerging 'entreship' movement) as people transform their ideas, experiments and discoveries into business value.

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These and other interactions extend purpose and meaning to the organisation and those who serve the interests of the company. Studies indicate that while roughly 75% of stakeholders are aware of the subject company's strategic agenda, only about 25% really understand the conditions for the successful prosecution of that strategic agenda. And, for many reasons, less than 10% have substantive engagement in the strategy. So while the relevance issue has long-standing importance in management and leadership theory, organisations typically run on limited power when it comes to strategy engagement. In common terms, people may not be coming to the table with their best thoughts and behaviours to advance the business interests of the company.

Eight themes of strategic engagement

Research on strategy and organisation has defined and assessed eight themes in strategic engagement. These are descriptive and behavioural themes that tie strategy engagement together. There is some overlap in these elements, but each stands on its own as part of the thought and behaviour that drives the strategic agenda:

- **Intentional learning and discovery.** Engagement means that people balance the interests of the organisation with the volatility, uncertainty, complexity and ambiguity, or the 'VUCA', of their strategy environment. Working through complex and dynamic issues in business demands a certain level of exploration, risk-taking, adaptation, attitude change, endurance and solid expeditionary habits. People who travel the discovery paths of business life do so because it seems necessary, and because they need adventure.

- **Commitment and accountability.** Engagement means that people assume a level of technical, social, emotional and economic responsibility for activity and results. It strongly suggests interdependence and membership. It blends leadership assets and management discipline with model commitment and accountability. Some people come to this theme because they are responsive to measures and targets. Others are motivated by the chance to attack the most difficult 'stretch' challenges of the business.
- **Personal talent and enthusiasm.** Engagement means that people bring their capabilities, passions, perspectives and motivation to the strategic agenda, and they influence the development of 'leadership assets' across the organisation. Leadership assets are the collective assets of individuals and groups who make things happen. Enthusiasm is one part energy, one part passion and one part ethics of performance. And the talent equation for most organisations is one which blends together capability, motivation and connections.
- **Interpersonal assets and influence.** Engagement means influence and advocacy as well as the recognition and integration of differences in perspectives, backgrounds, resources, capabilities and subcultures. The influence factor in strategy engagement is catalytic. Influence reflects on the system of interactions and the culture and subcultures of the organisation. It spans the enterprise, touching on anxieties, risks, desires, goals and the company's sense of what is possible and worthwhile.
- **Systems, order and arrangement.** Engagement means the orderly and systematic treatment of everyday decision making, problem solving and forward planning. Structures, routines and processes serve this need for arrangement. Processes and project management schemes provide both content and context for behaviour and interaction, and for the most part, these frameworks guide thoughtful decision making and problem solving. They encourage productivity and, in the right circumstances, can encourage strategic thinking.
- **Discretionary effort and innovation.** Engagement means the inspiration to stretch out towards challenging targets and ventures. It also means the persistence to continue with difficult tasks and experimental work until they yield results. Discretionary effort is personal and collective. The greater impact of discretionary effort is the model it provides for people as they work across spaces in strategy integration and execution. The hard work of business innovation is almost always powered by discretionary effort and resolve.
- **Effective, systemic collaboration.** Engagement means working together across the boundaries of the organisation. Communication practices, partnership behaviours and goal alignment are key variables in effective collaboration. Organisations are systems and

they operate in evolutionary ways to match business capability and opportunity. These are common incentives, as well as constraints, to effective collaboration. They reflect structure, culture, resources and strategy, and also determine the creation and capture of value.

- **Appreciation and human respect.** Engagement means thoughtful devotion to the cause, empathetic response to challenges, shared values and business goals, confidence, purpose and trust in one another – all of which guide and nourish effort. Strategy engagement is a human endeavour. It involves conflict, emotions, power, challenges, persona, tensions, rewards and thoughtful devotion to the cause. Leadership and management of the strategic agenda require people to rise above themselves and take on a more prospective, conductive and supportive role.

Each of these themes of engagement is important as a stand-alone idea, but in combination, they present a powerful organisational construct. When companies embrace these ideas in their leadership and management practices, stakeholders are substantially more prepared and resolved to get things done. In the context of the strategic agenda, across the board, this means more attention and energy devoted to the company's strategic direction, integration and execution work.

Resistance to strategic engagement

The themes and rules of engagement seem reasonable enough. Why would people resist the ideas and behaviours of strategy engagement? Although the answers are company- and situation-specific, there are four common explanations for engagement resistance:

- **Information problems.** Stakeholders depend on credible information and reference points as foundations for engaging or resisting. Basic communication problems exist almost everywhere, and quite often, data and ideas are subject to learning factors that simply take some time to gestate in the organisation.
- **Relationship problems.** The connections between and among stakeholders may create conflicts and barriers to engagement. It should come as no surprise that cultural and structural barriers get in the way of positive strategic thought and behaviour. Ironically, strategy engagement bridges these barriers.
- **Measurement problems.** To some degree, metrics help set business expectations, which, in turn, inform behaviour and dispositions. When business and organisational measures are not in sync with stated objectives or company values, people may simply go into holding patterns. They may also become involved in countermoves in protest.

- **Human capital problems.** Some organisations lack the talent, culture, integrity and resolve to engage in the company’s strategic agenda. Human capital issues may constrain growth, performance and change efforts in a number of ways, and they can easily make the difference in company transformation programmes.

These areas of resistance destroy or retard the creation of strategic and economic value. As such, stakeholders share in the common cause of getting over and around the resistance factors that block strategy engagement. That is often the central issue in organisational development, and it is clearly central to the strategic agenda.

Leadership and management

The ideas of strategic engagement are often exchanged in the vocabulary of business leadership and management. While this can be useful, the strategy engagement approach is seen as something that demands knowledge and experience from all corners. There is a critical set of differences in leadership and management of the strategic agenda, as referenced in Figure 2. We draw from both sides of the equation to support greater, more inclusive engagement in the strategic agenda.

Figure 2: Management and leadership roles in the strategic agenda

Management redefined	Leadership redefined
<ul style="list-style-type: none"> • Provides discipline • Orders and arranges • Disperses resources • Supports sound practice • Provides work processes • Gives targets, measures • Sets proper boundaries • Encourages quality • Manages risk factors • Provides information 	<ul style="list-style-type: none"> • Shares perspectives • Frames values, principles • Encourages character • Engages and inspires • Forges connections • Encourages relationships • Provides foresight • Clarifies direction, focus • Encourages thought • Shares, exchanges, learns

Source: Wolf, D. (2007) *Prepared and Resolved – The Strategic Agenda for Growth, Performance and Change*, dsb Publishing.

Engagement is a blended pursuit of leadership and management themes. It draws from the information, discipline, arrangement and systematic assets of management. It also draws from the perspectives, relationships, encouragement and inspiration of leadership. By its very purpose and energy, strategy engagement is holistic in purpose, scope, intention and learning. Engagement is organic and evolutionary in

nature. It requires grappling with competing values, encouraging new learning and behaviours, changing attitudes, and discovering how to intervene to move an organisation to a new place while mobilising people to address the strategic agenda.

Engagement also requires ongoing discovery at all levels of the organisation – from the front line to the boardroom. The nature of a multifaceted structure for engagement reflects different modes of learning and responses to challenges, and it helps meet the needs of stakeholders for both respect and ‘stretch’.

Conclusion

Our approach to strategic leadership and management responds to a set of twenty-first century realities. One of those realities involves the more complete engagement of people in the challenges of growth, performance and change. Strategy engagement is a major prerogative and an important journey for those responsible for business evolution.

Engagement is a major step beyond awareness and understanding. It applies to the work of strategy direction, integration and evolution. It shapes insight and foresight about business evolution. Strategy engagement puts decision making and problem solving in context.

Leadership cannot declare much about strategy engagement. It has to emerge from everyday strategy leadership and management practice. Eight themes that define and shape strategy engagement have been outlined; these help to make the company’s strategic agenda relevant to everybody in the organisation.

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