Futuristic Office of CEO

by *Sundar Sankaran**

Is strategy formulation still relevant? Since many strategies become redundant even before implementation, some professionals feel that strategy formulation is no longer relevant!

In my view, *action without strategy becomes a dynamite* - impacts every thing within its range – the nearer elements being impacted more than the farther ones. Ideally, the impact of strategy should depend on business imperatives, not distance from the epicenter.

Organizations need to operate like missiles – aimed in a particular direction and focused on a target that is located at a much longer range. When circumstances or information change, the missile should be capable of being rendered redundant before it hits the target. Re-orientation of trajectory should be possible after release, to maintain focus on a moving target. When the missile approaches the target, it would need to multiply into several sub-missiles that can hit the target on multiple flanks.

Strategy is all about identifying the targets, developing frameworks that would help re-orient the trajectory (of missiles), and building organizational capability to continuously build new strategies (missiles) that would replace redundant strategies (missiles).

Once the targets are identified, frameworks developed and organisation capability built, strategy implementation can be delegated. Trajectory re-orientation responsibility, which goes hand in hand with strategy implementation, is a more frequent exercise. Meaningful periodicity would be in weeks, if not days. Since such re-orientation also has elements of strategy formulation, the distinction between formulation and implementation of strategy appears to get blurred.

The vision gets clearer if we distinguish between *proactive* and *reactive* strategies. Historically, strategies were always viewed as *proactive*. The business environment has made *reactive* strategies equally important.   Reactive strategies cannot be centralized. They need to be conceptualized and implemented at the periphery of the organization viz. delegated.

Let us look at the example of the software business. 9/11 and the war clouds on India's border brought home the need for risk mitigation through business continuity planning and data center redundancies. These measures, whose cost was difficult to justify in a pro-active scenario, suddenly became necessities.   Thus, every major software company has jumped on to the bandwagon in a reactive mode.

Similarly, consider the mutual fund sector.   Asset management companies proactively seek to identify needs, and package mutual fund schemes that cater to these needs. The moment a competitor launches a scheme that is received well by investors, reactive strategy would be to take the competitor's scheme as the base and improve on it.

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In the above cases viz. the risk mitigation initiatives in software and new scheme launch in mutual fund, the basic decision about whether or not to proceed with the new initiative is effectively taken by the market place. Ignoring the message from the market would tantamount to suicide. At best, organizations could have some frameworks that would prescribe that investment or employment above a limit, or business in blacklisted locations, or certain nature of businesses would need strategic review.

Every organization needs a **"war room"** – the hub of strategy formulation and implementation. The roles would be –
1. Formulating pro-active strategies
2. Developing the frameworks for delegated strategy implementation including trajectory re-orientation
3. Building the organization capabilities and competencies required for business success
4. Monitoring the effectiveness of delegation.

In the past, some organizations developed strategy through special purpose teams drawn from the various functional departments. The 'war room' structure set out above has a critical ongoing role that cannot be left to part timers with other functional responsibilities.

Depending on the organization size, chemistry and style, and the industry dynamics, the war room could be structured in either of the following formats –
> A dedicated Strategy / Corporate Planning department, operating as an extension of the 'Office of the CEO' or
> A dedicated team operating under the 'Office of the CEO' or 'Office of the CFO'

For the delegation of strategic roles to be effective, it is important that people across the organization think strategically. Approaches like Think!Strat, conceptualized by Advantage-India help build this strategy orientation. This would need to be supplemented through –
1. A strong appreciation of the Mission-Vision-Values framework of the organization.
2. A strong knowledge management system that would help disseminate market and organizational imperatives.
3. Better quality of information to support decision making, through approaches like activity based costing, for instance.

Balanced Scorecard could be a useful tool for the war-room to monitor strategy implementation.

The role of the office of the CEO is to arrange for all this. This would be in addition to its other roles in building the corporate image, ensuring compliance with ethics and values, and in general, hold the organization together cohesively.

Who said strategy is only the question of a brainwave? Yes, it may originate as an off-beat idea. *Will the idea remain in the ivory tower? Or will it get translated into reality? The Office of the CEO determines the outcome.*